

**LIFETIME INSURANCE MORTGAGE  
EXPERTS LIMITED**

**Report and Financial Statements**

**30 September 2006**

Deloitte & Touche LLP  
Leeds



# **LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

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# **LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

S H Hudson  
P W Lane  
G S Clarkson  
M D McGaughrin  
J E Tobbell  
K D Richards

#### **SECRETARY**

G S Clarkson

#### **REGISTERED OFFICE**

Network House  
Lister Hill  
Horsforth  
Leeds  
LS18 5AZ

#### **BANKERS**

Barclays Bank PLC  
Barclays Business Centre  
P O Box 100  
Leeds  
LS1 1PA

#### **SOLICITORS**

Eversheds LLP  
Cloth Hall Court  
Infirmary Street  
Leeds  
LS1 2JB

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants & Registered Auditors  
Leeds

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 30 September 2006.

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The company is a wholly owned subsidiary of Tenet Limited.

The company's principal activities are that of the management of a regulated network of mortgage and general insurance brokers. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's income statement on page 7, the company's sales have increased by 160% over the prior year and profit after tax has similarly improved.

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the prior year. Details of amounts owed to and by other Group companies are shown in Notes 10 & 11 on page 14.

Note 1 includes details of key assumptions used in the preparation of the company's financial statements. Note 3 includes details of principal risks and uncertainties facing the company. There have been no significant events since the balance sheet date.

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

The directors are satisfied with the results for the year and expect the general level of activity to increase in the coming year.

### **RESULTS AND PROPOSED DIVIDENDS**

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

The directors recommend a dividend of £3.20 per ordinary share be paid (2005: £nil).

### **ENVIRONMENT**

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

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

S H Hudson

P W Lane

G S Clarkson

M D McGaughrin (appointed 25 May 2006)

J E Tobbell (appointed 8 September 2006)

K D Richards (appointed 8 September 2006)

None of the directors held any beneficial interests in the share capital of the company during the year.

The beneficial interests of the S H Hudson, P W Lane, and G S Clarkson in Tenet Group Limited, the ultimate parent undertaking, during the year are shown in the accounts of that company. The beneficial interests of K D Richards in Tenet Group Limited are shown in the accounts of The M&E Network Limited.

**DIRECTORS' REPORT (continued)**

**DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

**AUDITORS**

The company has elected to dispense with the obligation to appoint auditors annually and Deloitte & Touche LLP shall be deemed to be reappointed as auditors for a further term under the provision of Section 386(2) of the Companies Act 1985.

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



P W Lane  
Director

20 December 2006

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with International Financial Reporting Standards (IFRSs). Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 1985.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFETIME  
INSURANCE MORTGAGE EXPERTS LIMITED**

We have audited the financial statements of Lifetime Insurance Mortgage Experts Limited for the year ended 30 September 2006 which comprise the income statement, the balance sheet, the cashflow statement and the related Notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the directors' report and the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with those IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFETIME  
INSURANCE MORTGAGE EXPERTS LIMITED**

**Separate opinion in relation to IFRS**

As explained in Note 1, the company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Leeds

20 December 2006



# LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

## INCOME STATEMENT

Year ended 30 September 2006

		Year ended 30 September 2006 £	17 months ended 30 September 2005 £
	Note		
<b>REVENUE</b>	2	8,313,460	4,544,532
Cost of sales		(6,943,281)	(3,955,993)
<b>Gross profit</b>		1,370,179	588,539
Operating expenses		(676,451)	(546,683)
<b>OPERATING PROFIT</b>		693,728	41,856
Interest receivable and similar income	5	30,702	2,745
Finance costs	6	(620)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	7	723,810	44,601
Income tax expense	8	(168,066)	-
<b>Profit for the year/period</b>		555,744	44,601

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

All amounts relate to continuing operations.

The accompanying notes on pages 10 to 17 are an integral part of this income statement.

# LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

## BALANCE SHEET At 30 September 2006

	Note	30 September 2006 £	30 September 2005 £
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	12,233	-
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	921,357	84,145
Cash and cash equivalents		1,498,883	829,874
		<u>2,420,240</u>	<u>914,019</u>
<b>TOTAL ASSETS</b>		<u>2,432,473</u>	<u>914,019</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	(1,153,239)	(744,418)
<b>NET CURRENT ASSETS</b>		<u>1,267,001</u>	<u>169,601</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for liabilities & charges	12	(553,889)	-
<b>TOTAL LIABILITIES</b>		<u>(1,707,128)</u>	<u>(744,418)</u>
<b>NET ASSETS</b>		<u>725,345</u>	<u>169,601</u>
<b>EQUITY</b>			
Called-up share capital	13	125,000	125,000
Retained earnings	14	600,345	44,601
<b>TOTAL EQUITY</b>	15	<u>725,345</u>	<u>169,601</u>

These financial statements were approved by the Board of Directors on 20 December 2006.

Signed on behalf of the Board of Directors



P W Lane  
Director

The accompanying notes on pages 10 to 17 are an integral part of this balance sheet.

# LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

## CASH FLOW STATEMENT

For the year ended 30 September 2006

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
<b>Cash flows from operating activities</b>		
Operating profit	693,728	41,856
Adjustments for:		
Depreciation	8,071	-
Increase in trade & other receivables	(836,313)	(84,145)
Increase in trade & other payables	793,745	744,418
<b>Net cash generated by operating activities</b>	<b>659,231</b>	<b>702,129</b>
<b>Investing activities</b>		
Interest received	30,702	2,745
Interest paid	(620)	-
Capital expenditure	(20,304)	-
<b>Net cash generated by investing activities</b>	<b>9,778</b>	<b>2,745</b>
<b>Financing activities</b>		
Issue of new shares	-	125,000
<b>Net cash generated by financing activities</b>	<b>-</b>	<b>125,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>669,009</b>	<b>829,874</b>
<b>Cash and cash equivalents at beginning of financial year/period</b>	<b>829,874</b>	<b>-</b>
<b>Cash and cash equivalents at end of financial year/period</b>	<b>1,498,883</b>	<b>829,874</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2006**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the first time.

Results for the comparative period are on the same basis as the 2006 results.

**Property, plant and equipment**

Property, plant and equipment are stated at cost net of depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight-line basis over its estimated useful life as follows:

Computer Equipment	3 years
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**Revenue**

Revenue comprises the value of commissions receivable, other amounts receivable from product providers and sales of services, excluding VAT, in the normal course of business. All revenue arises in the United Kingdom. Initial commissions are accounted for when policies are accepted by the product providers, or mortgages complete, whilst renewal commissions are accounted for when received. Related amounts of commission due to the company's agents (Appointed Representatives) are included in cost of sales and trade creditors.

**Income tax**

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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

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

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

**Pension costs**

The company contributes to a defined contribution pension scheme administered by another Group company. The amount charged to the income statement relates to the contributions payable in the year. Differences arising between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Commission clawback**

The company makes a provision equal to 10% of commissions received on "indemnity" terms on a rolling twelve-month basis in respect of commission amounts repaid when policies are cancelled subsequent to their sale. This is in line with FSA reporting requirements. The directors regularly review the actual level of amounts repaid to judge the adequacy of these provisions.

All commission amounts clawed back in respect of cancelled policies are recharged in their entirety to the relevant Appointed Representatives. Where the collection of such debtor monies is doubtful, the company makes an appropriate provision (see Notes 10 and 12).

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2006**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Claims payable**

In the normal course of business the company receives queries and complaints regarding the sale of regulated financial products. Where appropriate these are investigated in accordance with the company's procedures. In some instances compensation may be payable and the company usually recovers such sums from either Professional Indemnity insurers and/or the Appointed Representative responsible for giving the advice about which the complaint was made.

Based upon the experience of the company and known complaints regarding the sale of regulated financial products, an estimate of total compensation payable is calculated. An appropriate provision in respect of this is made in the company's accounts with a corresponding debtor (if any) representing the amount recoverable from PI insurers and/or the Appointed Representative. Where the collection of such debtor monies is doubtful, the company makes an appropriate provision (see Notes 10 and 12).

**2. REVENUE**

All revenue relates to the principal activity described in the accompanying Directors' report and arises in the United Kingdom.

**3. PRINCIPAL RISKS AND UNCERTAINTIES**

The business is active in the sale of regulated financial products and advises customers as to their appropriateness. As a consequence, the company's activities are regulated which gives rise to a number of risks, including censure by the Financial Services Authority ("FSA"). Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see Notes 1, 10 and 12) and fines imposed by the FSA for regulatory breaches. The company operates a strict compliance regime, including regular audits of its Appointed Representatives, to mitigate such risks and has arranged professional indemnity insurance which conforms to the requirements of the FSA.

The business receives commission for the sale of financial products from life companies. Some commission payments are received on an "indemnity" basis and may become repayable in the event that a policy is cancelled subsequent to its sale. Where such clawbacks of commission occur, the company recharges such amounts to the relevant Appointed Representative (see Notes 1, 10 and 12). As a consequence, to mitigate the risk of accepting commission on an indemnity basis, the company monitors such activity and the ability of its Appointed Representatives to service their clawback liabilities to the company.

Competitive pressure is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its Authorised Representatives, having fast response times not only in supplying products and services but in handling all Authorised Representatives queries and by maintaining strong relationships with its Authorised Representatives.

Group risks are discussed in the Group's Annual Report which does not form part of this Report.

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

All staff utilised by the company in the delivery of its services are employed by Tenet Group Limited. Tenet Business Solutions Limited is responsible for the payment of the remuneration of all Tenet Group Limited employees, including the directors of the company, and it receives recompense from the company in respect of this service through management recharges which are allocated on a time incurred basis. The amounts recharged to other Group companies in respect of directors are included in the accounts of each Group company and the total emoluments of all Group directors are included in the consolidated accounts of Tenet Group Limited.

The amounts disclosed below relate to amounts recharged to the company by Tenet Business Solutions Limited in respect of the remuneration of directors and employees utilised by the company.

Such recharges in respect of the directors of the company during the year were £49,610 (2005: £111,278). Additional emoluments paid to the directors of the company during the year were £nil (2005: £nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

The remuneration of the directors was as follows:

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Emoluments	45,279	105,305
Company contributions to money purchase pension scheme	4,331	5,973
	<u>49,610</u>	<u>111,278</u>
Emoluments of the highest paid director including pension contributions	<u>28,973</u>	<u>50,250</u>

Four directors (2005: one) were members of a pension scheme.

	Year ended 30 September 2006 No.	17 months ended 30 September 2005 No.
Average number of persons employed (including directors)		
Directors	6	3
Administration and consultancy	9	10
	<u>15</u>	<u>13</u>

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Staff costs during the year (including directors)		
Wages and salaries	195,526	85,316
Social security costs	17,701	8,100
Other pension costs	4,834	2,449
	<u>218,061</u>	<u>95,865</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Bank interest	<u>30,702</u>	<u>2,745</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

## 6. FINANCE COSTS

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Bank interest	620	-

## 7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Auditors' remuneration – audit services	19,250	8,137
Depreciation on property, plant & equipment	8,071	-
Intra-Group recharges	(28,610)	25,649
Bad debts	332,035	359,586

## 8. INCOME TAX EXPENSE

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
<b>Analysis of charge in year/period at 30% (2005: 30%)</b>		
Current tax at 30% (2005: 30%)	168,965	-
Total current tax	168,965	-
Deferred tax - Current year	(899)	-
<b>Tax on profit on ordinary activities</b>	<b>168,066</b>	<b>-</b>
<b>Factors affecting current tax in year/period</b>		
<b>Profit on ordinary activities before tax</b>	<b>723,810</b>	<b>44,601</b>
Tax on profit on ordinary activities at UK standard rate of 30% (2005 – 30%)	217,143	13,380
Effects of:		
Expenses not deductible for tax purposes	222	1,437
Group relief surrendered for nil consideration	-	(14,817)
Income not taxable for tax purposes	(37,050)	-
Utilisation of tax losses brought forward	(12,250)	-
Effects of other tax rates/credits	1	-
<b>Current tax for year/period</b>	<b>168,066</b>	<b>-</b>

The company has a deferred tax asset at 30% of £899 (2005: £Nil) in respect of accelerated capital allowances.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2006**

**9. PROPERTY, PLANT AND EQUIPMENT**

	Computer equipment £
<b>Cost</b>	
At 1 October 2005	-
Additions	20,304
	<hr/>
At 30 September 2006	20,304
	<hr/>
<b>Depreciation</b>	
At 1 October 2005	-
Charge for the year	8,071
	<hr/>
At 30 September 2006	8,071
	<hr/>
<b>Net Book Value</b>	
At 30 September 2006	12,233
	<hr/>
At 30 September 2005	-
	<hr/>

**10. TRADE AND OTHER RECEIVABLES**

	30 September 2006 £	30 September 2005 £
<b>Due within one year</b>		
Trade receivables	454,742	63,212
Amounts owed by Group companies	122,630	-
Prepayments and accrued income	14,733	20,933
Other debtors	328,353	-
Deferred tax	899	-
	<hr/>	<hr/>
	921,357	84,145
	<hr/>	<hr/>

Included in trade receivables is £174,264 (2005: £Nil) that relates to amounts recoverable in relation to commission clawbacks (see Notes 1 and 12). Included in other debtors is £3,250 (2005: £Nil) that relates to amounts recoverable in relation to claims payable (see Notes 1 and 12).

**11. TRADE AND OTHER PAYABLES**

	30 September 2006 £	30 September 2005 £
Trade payables	853,993	441,800
Amounts owed to Group companies	12,323	254,039
Accruals and deferred income	117,958	48,579
Corporation tax	168,965	-
	<hr/>	<hr/>
	1,153,239	744,418
	<hr/>	<hr/>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

12. PROVISION FOR LIABILITIES & CHARGES

	Claims payable provision £	Provision for commission clawback £	Total £
At 1 October 2005	-	-	-
Utilised during the year	-	-	-
Increase in the year	3,250	550,639	553,889
At 30 September 2006	3,250	550,639	553,889

**Claims payable provision**

The claims payable provision is in respect of amounts that may be payable to the customers of the firm following a review of the sales process of the individual cases involved. These amounts, if payable, will usually be recovered from Professional Indemnity Insurers less a policy excess (see Notes 1 and 10), and the policy excess is usually recovered from the Appointed Representative responsible for the individual case. It is not possible to calculate accurately the amount of the opening provision utilised during the year and only net movements in the provision are reported. The directors expect this provision to be utilised over the next 5 years.

**Provision for commission clawback**

The provision for commission clawback relates to commission receipts subsequently repaid should policies be cancelled after their sale. These amounts will usually be recovered from the relevant Appointed Representative (see Notes 1 and 10). It is not possible to calculate accurately the amount of the opening provision utilised during the year and only net movements in the provision are reported. The directors expect this provision to be utilised over the next 4 years.

13. CALLED-UP SHARE CAPITAL

	30 September 2006 £	30 September 2005 £
<b>Authorised</b>		
1,000,000 (2005: 1,000,000) Ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted, called-up and fully paid</b>		
125,000 (2005: 125,000) Ordinary shares of £1 each	125,000	125,000

14. RESERVES

	Retained earnings £
Balance at beginning of financial year	44,601
Profit for the financial year	555,744
Balance at end of financial year	600,345

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

## 15. STATEMENT OF CHANGES IN EQUITY

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Profit for the financial year/period	555,744	44,601
Share capital subscribed	-	124,999
Net addition to equity shareholders' funds	555,744	169,600
Opening equity shareholders' funds	169,601	1
Closing equity shareholders' funds	725,345	169,601

## 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Tenet Limited, a company incorporated in England and Wales. The directors consider that Tenet Group Limited, also a company incorporated in England and Wales, is the company's ultimate parent undertaking.

Tenet Group Limited is the smallest and largest group in which the results of the company are consolidated. Copies of the accounts of Tenet Group Limited are available from Network House, Lister Hill, Horsforth, Leeds, LS18 5AZ.

The controlling party is Tenet Group Limited and in the directors' opinion there is no ultimate controlling party.

## 17. CONTINGENT LIABILITY

Barclays Bank holds a fixed and floating charge over all assets of the company both present and future. The company has provided a joint and several guarantee with Interdependence Limited and The M&E Network Limited to the Group's bank in respect of the Group's bank borrowings. The guarantee is limited to the sum of £300,000 (plus interest, charges and costs incurred by Barclays Bank in the recovery of such guaranteed amounts).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2006

18. TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions during the period other than movements in balances between the company and Tenet Group Limited and/or its wholly owned subsidiaries as follows:

Transactions with Tenet Group Limited ("ultimate parent")

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Net amounts owed to ultimate parent at start of financial year/period	(14,696)	-
Receipts from ultimate parent	(141,977)	(263,770)
Payments to ultimate parent	156,723	249,074
Net amounts owed by/(to) ultimate parent at end of financial year/period	50	(14,696)

Transactions with subsidiaries of Tenet Group Limited

	Year ended 30 September 2006 £	17 months ended 30 September 2005 £
Net amounts owed to Group companies at start of financial year/period	(239,343)	-
Receipts from Group companies	(2,684,987)	(3,079,361)
Payments to Group companies	3,034,587	2,840,018
Net amounts owed by/(to) Group companies at end of financial year/period	110,257	(239,343)

19. UK GAAP TO IFRS RECONCILIATION

There are no material differences hence no restatement has been made.