

Company Registration No. 4785816

TENETLIME LIMITED

Report and Financial Statements

30 September 2013

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TENETLIME LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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TENETLIME LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G E Harle
M J O'Brien
M J Greenwood
C J Bradley
H M Turner
G Davidson

SECRETARY

R J Fletcher

REGISTERED OFFICE

5 Lister Hill
Horsforth
Leeds
LS18 5AZ

BANKERS

Lloyds Bank Plc
2nd Floor
116 Wellington Street
Leeds
LS1 4LT

SOLICITORS

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds
LS1 2AL

TENETLIME LIMITED

STRATEGIC REPORT

REVIEW OF THE BUSINESS

TenetLime Limited ("The company") is a wholly owned subsidiary of Tenet Limited.

The company's principal activities are that of the management of a network of mortgage, general and life insurance brokers regulated by the Financial Conduct Authority ("FCA"). 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 8 the company's exceptional costs were £266,728 in relation primarily to a significant one-off provision for reclaimed indemnity business from an individual adviser. This cost gave rise to an operating loss of £155,024 compared to a prior year operating loss of £19,020.

The balance sheet on page 9 shows the net asset position at the year-end decreased by 15.3% following a provision relating to exceptional items of £248,424 made for a specific Appointed Representative. Details of amounts owed to and by Tenet Group Limited and its subsidiaries (together "the Group") are shown in Notes 11 and 12.

Notes 2 and 4 include details of key assumptions used in the preparation of the company's financial statements. Notes 3 and 17 detail the principal risks and uncertainties facing the company. There have been no significant events since the balance sheet date.

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

The directors are satisfied with the results for the year and believe that they reflect market conditions for the year. The general level of performance is expected to be improved once the market recovers.

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



G E Harle
Director
13th January 2014

TENETLIME LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2013.

RESULTS AND PROPOSED DIVIDENDS

The results for the year are dealt with in the income statement on page 8.

The directors do not recommend a dividend (2012 £nil).

ENVIRONMENT

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

DIRECTORS' INDEMNITIES

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

DIRECTORS

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

G S Clarkson – resigned 9 May 2013

G E Harle

K D Richards – resigned 28 March 2013

M O Youngman – resigned 26 March 2013

M J Greenwood – appointed 19 October 2012

M J O'Brien

C J Bradley – appointed 23 January 2013

G Davidson – appointed 30 April 2013

H Turner – appointed 23 April 2013

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

As highlighted in the Group's Annual Report, the current economic conditions create uncertainty in respect of the level of demand for financial services products. However, the company's forecasts and projections, including sensitivity analysis taking into account reasonably possible adverse changes in trading performance, show that the company should be able to operate successfully. In some scenarios additional capital may be required from the parent company, which is expected to be made available. The strength of the ultimate parent company, Tenet Group Limited, is discussed in the Group's Annual Report. As a consequence, the directors believe that the company is well placed to manage its business risks successfully in the present challenging economic environment.

As highlighted in Note 17, the company meets its day to day working capital requirements through its own cash resources and has the ability to seek additional capital from its parent company if required. It has long established relationships with a large number of advisers, product providers and suppliers across a diverse geographical area within the U.K, with no significant credit risk exposure to any single counterparty. The company also enjoys the continuing support of its ultimate parent undertaking.

As stated in Note 2, taking these factors into account, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue trading successfully and fully comply with its regulatory requirements for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

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



G E Harle
Director

13th January 2014

TENETLIME LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENET GROUP LIMITED

We have audited the financial statements of Tenet Group Limited for the year ended 30 September 2013 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes on pages X to X. 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2013 and of the group's profit/loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs 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.

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.



Stephen Williams, ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, United Kingdom

13th January 2014

TENETLIME LIMITED

INCOME STATEMENT

Year ended 30 September 2013

	Note	Year ended 30 September 2013 £	Year ended 30 September 2012 £
REVENUE	2	14,770,218	12,827,825
Cost of sales		(12,520,279)	(10,561,109)
Gross profit		2,249,939	2,266,716
Operating expenses		(2,138,235)	(2,285,736)
PROFIT/(LOSS) BEFORE INTEREST, TAX AND EXCEPTIONAL COSTS		111,704	(19,020)
Exceptional Costs	8	(266,728)	-
OPERATING LOSS		(155,024)	(19,020)
Interest receivable and similar income	6	18,923	16,127
Interest payable	7	(719)	-
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	8	(136,820)	(2,893)
Taxation	9	34,887	(66)
(LOSS) ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		(101,933)	(2,959)

There was no recognised income and expenditure in the current or preceding years other than the loss/profit for the year as shown above and consequently no statement of comprehensive income has been presented.

All amounts relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

TENETLIME LIMITED

BALANCE SHEET At 30 September 2013

	Note	30 September 2013 £	30 September 2012 (restated) £
NON-CURRENT ASSETS			
Intangible fixed assets	10	10,667	11,500
CURRENT ASSETS			
Trade and other receivables	11	1,429,152	1,412,965
Cash and cash equivalents		1,277,959	1,036,752
		<u>2,707,111</u>	<u>2,449,717</u>
CURRENT LIABILITIES			
Trade and other payables	12	(1,073,200)	(856,444)
NET CURRENT ASSETS		<u>1,633,911</u>	<u>1,593,273</u>
NON-CURRENT LIABILITIES			
Provision for liabilities	13	(976,718)	(834,980)
NET ASSETS		<u>667,860</u>	<u>769,793</u>
EQUITY			
Equity shareholder's funds			
Called-up share capital	14	1,000,000	1,000,000
Retained earnings		(332,140)	(230,207)
TOTAL EQUITY		<u>667,860</u>	<u>769,793</u>

Certain items in the comparative balance sheet have been re-classified between trade and other receivables and provision for liabilities to better reflect the underlying liability of the Company from commission clawbacks, and the nature of the counterparty exposure. There was no impact on the underlying net assets or liabilities in the current and prior periods resulting from the restatement. See note 2 for details.

These financial statements were approved by the Board of Directors on 13th January 2014

Signed on behalf of the Board of Directors



C J Bradley

Director

Company Registration Number 4785816

The accompanying notes form an integral part of these financial statements.

TENETLIME LIMITED

STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity shareholder of the company

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 October 2012	1,000,000	(230,207)	769,793
Loss for the financial year	-	(101,933)	(101,933)
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2013	<u>1,000,000</u>	<u>(332,140)</u>	<u>667,860</u>
Balance at 1 October 2011	1,000,000	(318,780)	681,220
Loss for the financial year	-	(2,959)	(2,959)
Capital Contribution	-	91,532	91,532
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2012	<u>1,000,000</u>	<u>(230,207)</u>	<u>769,793</u>

TENETLIME LIMITED

CASH FLOW STATEMENT

For the year ended 30 September 2013

	Year ended 30 September 2013 £	Year ended 30 September 2012 (restated) £
Cash flows from operating activities		
Loss on ordinary activities after taxation for the financial year	(101,933)	(2,959)
Adjustments for:		
Taxation	(34,887)	66
Amortisation	833	-
Increase /(decrease) in provisions for liabilities	141,738	(1,258,886)
Interest receivable	(18,923)	(16,127)
Interest payable	719	-
Operating cash flows before movements in working capital	(12,453)	(1,277,906)
(Increase)/Decrease in trade and other receivables	(30,285)	1,084,646
Increase /(Decrease) in trade and other payables	216,756	(276,039)
Cash generated by/ (used in) operations	174,018	(469,299)
Interest paid	(719)	-
Tax received	-	-
Net cash generated by/ (used in) operating activities	173,299	(469,299)
Investing activities		
Interest received	18,923	16,127
Cash advances and loans made to other parties	(54,046)	(168,000)
Repayment of advances and loans made to other parties	103,031	126,142
Purchase of Intangible Assets	-	(11,500)
Net cash generated/(used in) by investing activities	67,908	(37,231)
Financing activities		
Capital Contribution	-	91,532
Net cash generated by financing activities	-	91,532
Net increase/ (decrease) in cash and cash equivalents	241,207	(414,998)
Cash and cash equivalents at beginning of financial year	1,036,752	1,451,750
Cash and cash equivalents at end of financial year	1,277,959	1,036,752

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

1 GENERAL INFORMATION

TenetLime Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

<i>IAS 1</i>	<i>Amendments to IAS 1 – Presentation of Financial Statements</i>
<i>IAS 12</i>	<i>Amendments to IAS 12 – Income Taxes</i>
<i>IAS 19</i>	<i>Revision of IAS 19 – Employee Benefits</i>
<i>IAS 27</i>	<i>Revision of IAS 27 – Separate Financial Statements</i>
<i>IAS 28</i>	<i>Revision of IAS 28 – Investments in Associates and Joint Ventures</i>
<i>IAS 32</i>	<i>Amendments to IAS 32 – Financial Instruments: Presentation</i>
<i>IFRS 7</i>	<i>Amendments to IFRS 7 – Financial Instruments: Disclosures</i>
<i>IFRS 9</i>	<i>Financial Instruments</i>
<i>IFRS 10</i>	<i>Consolidated Financial Statements</i>
<i>IFRS 11</i>	<i>Joint Arrangements</i>
<i>IFRS 12</i>	<i>Disclosure on Interest in Other Entities</i>
<i>IFRS 13</i>	<i>Fair Value Measurement</i>

Annual Improvements 2009 – 2011 Cycle (May 2012)

The company has not elected to adopt these changes early in these financial statements. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

2 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and therefore the company financial statements comply with Article 4 of the EU IAS Regulation.

Certain items in the comparative balance sheet have been re-classified between trade and other receivables and provision for liabilities to better reflect the underlying liability of the Company from commission clawbacks, and the nature of the counterparty exposure. This has resulted in a reduction in trade and other receivables, provision for liabilities and a decrease in the cashflow movement for trade and other receivables and provisions for liabilities of £1,225,043 (2012: £1,475,194; 2011: £1,217,796). There has been no net effect on the income statement, net assets and the net movement in cash and cash equivalents of the Company in the current and prior periods. This change has been applied retrospectively.

With the exception of the above, results for the comparative year have been prepared on the same basis as the 2013 results.

As stated in the Directors' Report, after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue trading successfully and fully comply with its regulatory requirements for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Intangible Assets

Intangible assets are stated at cost net of amortisation. Amortisation is provided at rates calculated to write off the cost of each asset over its estimated useful economic life.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2013

2 ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method where the effect is material. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition where the effect is material.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method where the effect is material.

Equity instruments

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

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

The two most significant provisions are:

Commission clawback

The company makes a provision in respect of commissions received on "indemnity" terms whereby commission amounts are repayable if policies are cancelled subsequent to their sale. This provision is estimated based on historic data.

All commission amounts clawed back in respect of such cancelled policies are recharged to the relevant Appointed Representatives. Where the collection of such receivables is doubtful, the company makes an appropriate provision (see Notes 11 and 13).

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. Based upon the experience of the company, an estimate of total compensation which may become payable is calculated. These amounts, if they become payable, will usually be recovered from either Professional Indemnity insurers and/or the Appointed Representative responsible for giving the advice about which the complaint was made (see Notes 11 and 13). Where the collection of such receivables is doubtful, the company makes an appropriate provision.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

2 ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents commissions receivable, other amounts receivable from product providers and sales of services provided in the normal course of business, net of discounts, VAT and other sales related taxes. 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.

Due to the nature of the company's business, it is not possible to precisely determine at the date of the accounts which policies have been accepted by the product providers or mortgages completed where commissions have not yet been received by these companies. As a consequence, an estimate of the amounts owed by product providers is included in the financial statements. This estimate is based upon historic data regarding the value of policies submitted to the product providers and deemed to be on risk for which commission has been received over the preceding two-year period up to 30 September annually. The directors review the basis of this estimate to ensure the adequacy of these calculations.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses 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, 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 substantively 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Unless the effect of discounting is material, 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 relate 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.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

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 FCA. Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see Notes 2, 11 and 13) and fines imposed by the FCA 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 FCA.

The business receives commission for the sale of financial products from life companies and mortgage lenders. 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 typically recharges such amounts to the relevant Appointed Representative (see Notes 2, 11 and 13). 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 ultimate parent undertaking's annual report which does not form part of this report.

4 CRITICAL ACCOUNTING ESTIMATES

IFRSs require critical accounting estimates to be identified. Within these financial statements the following fall under this category:

- Revenue recognition including calculation of commissions owed by debtors – see Note 2;
- Provisions for commission clawback – see Notes 2, 11 and 13; and
- Provisions for claims payable – see Notes 2, 11 and 13.

In relation to these items, whilst the estimates are critical, there is both a liability and trade recoverable such that the net exposure is mitigated and not significant.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

5 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 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.

The remuneration of the directors was as follows:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Emoluments	111,959	136,329
Company contributions to money purchase pension schemes	12,587	13,413
Compensation for loss of office	3,997	-
	<u>128,543</u>	<u>149,742</u>

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

The number of directors who were members of pension schemes was as follows:

	Year ended 30 September 2013 No.	Year ended 30 September 2012 No.
Money purchase pension schemes	<u>4</u>	<u>4</u>

	Year ended 30 September 2013 No.	Year ended 30 September 2012 No.
Average number of persons employed (including directors)		
Directors	7	5
Administration and consultancy	31	35
	<u>38</u>	<u>40</u>

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Staff costs during the year (including directors)		
Wages and salaries	1,113,958	1,216,134
Social security costs	112,297	143,799
Other pension costs	42,947	58,965
	<u>1,269,202</u>	<u>1,418,898</u>

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2013

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Bank interest	10,676	9,225
Other interest	8,247	6,902
	<u>18,923</u>	<u>16,127</u>

7 INTEREST PAYABLE

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Bank interest	-	-
Other interest	719	-
	<u>719</u>	<u>-</u>

8 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Auditor's remuneration:		
- fees payable to company's auditor for the audit of the company's annual accounts	19,022	17,702
Intra-Group recharges	9,892	(2,485)
Staff costs (Note 5)	1,269,202	1,418,898
Exceptional provision	248,424	-
Restructuring costs	<u>18,308</u>	<u>-</u>

The restructuring costs incurred during the year relate to group wide staff reorganisation.

The exceptional provision was created for a significant exposure to an individual adviser's unearned indemnity liability.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

9 TAXATION

	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Analysis of charge in year at 23.5% (25% in 2012)		
Current tax at 23.5% (25% in 2012)	(35,104)	-
Group relief	-	-
Total current tax credit	(35,104)	-
Deferred tax		
Origination and reversal of timing differences	139	-
Effects of changes in rates on opening liability	78	66
Total deferred tax	217	66
Tax charge/(credit) on loss on ordinary activities	(34,887)	66
Factors affecting tax on loss on ordinary activities in year		
Loss on ordinary activities before tax	(136,821)	(2,893)
Tax on loss on ordinary activities at UK standard rate of 23.5% (25% in 2012)	(32,151)	(724)
Effects of:		
Transfer pricing adjustment	(2,813)	(55,273)
Expenses not deductible for tax purposes	-	-
Change in tax rate	78	66
Unrelieved tax losses carried forward	(1)	55,997
Tax charge/(credit) on loss on ordinary activities for year	(34,887)	66

Corporation tax is calculated at 23.5% (2012: 25%) of the estimated taxable profit for the year.

The company has a deferred tax asset at 20% of £541 (2012: 23% at £758) in respect of accelerated capital allowances. There is no unprovided deferred tax in the current or prior year.

Finance Act 2013 was substantively enacted on 2 July 2013 and provided for a reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and by a further 1% to 20% from 1 April 2015. Accordingly both of these rate reductions have been reflected in the financial statements.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2013

10 INTANGIBLE FIXED ASSETS

	Acquisition Cost £	Total £
Cost		
At 1 October 2012	11,500	11,500
Additions	-	-
	<hr/>	<hr/>
At 30 September 2013	11,500	11,500
	<hr/>	<hr/>
Amortisation		
At 1 October 2012	-	-
Amortisation charge for the year	833	833
	<hr/>	<hr/>
At 30 September 2013	833	833
	<hr/>	<hr/>
Net book value		
At 30 September 2013	10,667	10,667
	<hr/>	<hr/>
At 30 September 2012	11,500	11,500
	<hr/>	<hr/>

In 2012 in order to facilitate the recruitment of a group of appointed representatives into the company, the business provided funding to these firms. The amortisation of this expenditure is calculated to write off the asset over its estimated useful economic life.

11 TRADE AND OTHER RECEIVABLES

	Year ended 30 September 2013 £	Year ended 30 September 2012 (restated) £
Due within one year		
Trade receivables	1,670,321	1,566,094
Allowance for doubtful debt	(371,901)	(287,214)
Amounts owed by group companies	29,630	2,350
Prepayments and accrued income	100,561	130,977
Deferred tax	541	758
Corporation tax	-	-
	<hr/>	<hr/>
	1,429,152	1,412,965
	<hr/>	<hr/>

Included in trade receivables is £499,317 (2012: £493,869) that relates to amounts recoverable in relation to claims payable (see Notes 2 and 12) and £160,865 (2012: £209,850) that relates to the provision of secured loans as part of the company's ongoing support for its appointed representatives.

Included within the company's trade receivable balance are debtors with a carrying amount of £200 (2012: £152) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the directors believe that the amounts are still recoverable.

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

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS	Year ended 30 September 2013 £	Year ended 30 September 2012 (restated) £
Opening balance	287,214	485,364
Amounts owed by debtors resulting in an increase in the provision	173,392	90,936
Amounts written off during the year	(30,084)	(211,320)
Amounts recovered during the year	(58,622)	(77,766)
Closing balance	<u>371,900</u>	<u>287,214</u>

The company reviews all trade receivables for recoverability and makes a provision for the proportion of the debt which is judged to be irrecoverable.

12 TRADE AND OTHER PAYABLES

	30 September 2013 £	30 September 2012 £
Trade payables	1,041,636	814,428
Amounts owed to group companies	22,274	25,000
Taxation and social security	40	26
Accruals and deferred income	9,250	16,990
	<u>1,073,200</u>	<u>856,444</u>

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

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2013

13 PROVISION FOR LIABILITIES

	Claims payable provision £	Commission clawback provision (restated) £	Total £
At 1 October 2012	528,570	306,410	834,980
Provision utilised in the year	(26,570)	(214,920)	(241,490)
New provision added in the year	52,277	330,951	383,228
At 30 September 2013	<u>554,277</u>	<u>422,441</u>	<u>976,718</u>

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 2 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.

Commission clawback provision

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 2 and 10). The directors expect this provision to be utilised over the next 4 years.

14 SHARE CAPITAL

	30 September 2013 £	30 September 2012 £
Allotted, called-up and fully paid		
1,000,000 (2012: 1,000,000) Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

15 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 and is the controlling party.

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

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

16 TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions during the year other than movements in balances between the company and Tenet Group Limited's wholly owned subsidiaries as follows:

Transactions with Tenet Group Limited ("ultimate parent")	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Net amounts owed to ultimate parent at start of financial year	(25,000)	-
Receipts from ultimate parent	-	(25,000)
Payments to ultimate parent	25,000	-
Net amounts owed to ultimate parent at end of financial year	-	(25,000)

Transactions with subsidiaries of Tenet Group Limited ("Group Companies")	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Net amounts owed by/(to) Group Companies at start of financial year	2,350	(307,022)
Receipts from Group Companies	(2,042,018)	(4,513,637)
Payments to Group Companies	2,047,024	4,823,009
Net amounts owed by Group Companies at end of financial year	7,356	2,350

Transactions with key management personnel are administered by another group company (see Note 5).

17 FINANCIAL INSTRUMENTS

Capital Risk Management

The board reviews the company's capital position on a monthly basis taking into account the regulatory and operational requirements of the company. Based on this review, the board balances its capital structure through the payment of dividends to or a request for funding from its parent company.

The FCA directly regulates the company and receives information in respect of its financial resources on a quarterly basis. The management of the capital of the company is closely monitored to ensure compliance with the requirements of the capital and expenditure based tests of the FCA.

The Group's capital strategy remains unchanged from 2012.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2013

17 FINANCIAL INSTRUMENTS (CONTINUED)

Significant Accounting Policies

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

	30 September 2013 £	30 September 2012 £
Financial Assets		
Cash	1,277,959	1,036,752
Loans and receivables from group companies	29,630	2,350
Loans and receivables from trade customers	799,103	785,010
	<u>2,106,692</u>	<u>1,824,112</u>
Financial Liabilities		
Loans and amounts owed to group companies	22,274	25,000
Amounts owed to trade customers	1,041,637	814,428
	<u>1,063,911</u>	<u>839,428</u>

Financial Assets equate to fair value as at 30th September 2013.

Credit Risk

Credit risk is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The company's credit risk is primarily attributable to trade receivables and the provision of secured loans as part of the Group's ongoing support for its Appointed Representatives. The Group's credit control function continually reviews outstanding client balances for recoverability and reports on these to management. These balances are then impaired where management's opinion is that the balance is not fully recoverable. Credit risk is mitigated by the fact that amounts owed by Appointed Representatives can be offset against amounts owed to the Appointed Representatives and company policy is to deal only with creditworthy counterparties. Trade receivables and other debtors from Appointed Representatives consist of a large number of customers and are spread across a diverse geographical area within the U.K. The company does not have any significant credit risk exposure to any single counterparty.

The credit risk on receivables due from product providers is limited due to the FCA requirements on these companies to maintain a sufficient level of capital to meet their current liabilities. These receivables are due from a large number of product providers and are payable to the company within one month of the obligation arising.

The balances due from trade customers are comprised of trade receivables and other debtors, less the amounts recoverable in relation to commission clawbacks and claims payable (see Notes 2 and 11). The company holds no collateral over these balances.

Credit risk on cash balances is managed through the lodgement of such balances through a number of financial institutions. A significant proportion of the loans and receivables from group companies relate to cash balances transferred to another group company to place on treasury deposit, so as to obtain greater returns on such deposits. Credit risk on this balance is managed in this other group company in the same way as cash balances are in the company.

The maximum company exposure to credit risk at the reporting date was £2,106,691 (2012: £1,824,112). These balances are comprised of all financial assets.

TENETLIME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2013

17 FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Market risk is the risk that arises from adverse movements in equity, bond, interest rate, foreign exchange or other traded markets. The company's exposure to market risk arises solely in relation to interest rate fluctuations on the returns from its capital which is not hedged and a number of loans made to Appointed Representatives. Group treasury policy is to maximise credit interest whilst maintaining sufficient liquidity within each group company in order to meet operational and regulatory requirements.

The interest rate sensitivity analysis below is based upon reasonably possible changes in interest rate scenarios. At the reporting date a 0.50% increase or decrease in interest rates compared to actual rates would increase/(decrease) the annual net interest receivable by the following amounts:

	30 September 2013 £	30 September 2012 £
0.50% increase	7,071	5,971
0.50% decrease	(7,071)	(5,971)

Liquidity Risk

Liquidity risk is the risk of not being able to meet liabilities as they fall due. The company is capitalised at a level required to meet its business and regulatory needs or alternatively, where required, has borrowing facilities available from its parent company. Responsibility for liquidity risk management rests with the company's board which receives information on the company's short term requirements on a weekly basis, and medium to long term requirements on a monthly basis. Cash flow monitoring and forecasting form part of the reports regularly delivered to the company's board which are also reported to the parent company board. Liquidity risk on financial liabilities is mitigated by the fact that a significant proportion of the financial liabilities only become payable upon receipt of trade receivables. All financial liabilities are payable within three months of the obligation arising.