

Company Number: 04630661

STANDARD FINANCIAL LTD

FINANCIAL STATEMENTS

31 March 2006

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STANDARD FINANCIAL LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2006.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the group is that of financial services. As outlined in note 8 the company acquired three businesses during the year.

In the year ended 31 March 2006 the Group has produced a profit on ordinary activities after tax of £17,403.

The directors are satisfied with the results for the year.

DIRECTORS

The following directors have held the office since 1 April 2005.

C A Llewellyn Palmer

L J Llewellyn Palmer

DIRECTORS INTERESTS

The directors' interests in the shares of the company are as stated below:

| | 31 March 2006 | 31 March 2005 |
|----------------------|----------------------|----------------------|
| C A Llewellyn Palmer | | |
| Ordinary shares | 1,100 | 50 |
| Preference shares | 53,250 | - |
| L J Llewellyn Palmer | | |
| Ordinary shares | 100 | 25 |
| Preference shares | 53,250 | - |

FUTURE PROSPECTS

The directors are satisfied with future prospects of the group.

AUDITORS

During the year, Hazlewoods LLP were appointed as auditors. Hazlewoods LLP have expressed their willingness to continue in office.

By order of the Board

C A LLEWELLEN PALMER

Director

Date:

STANDARD FINANCIAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year that 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 those financial statements, the director is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group, and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
STANDARD FINANCIAL LIMITED**

We have audited the financial statements of Standard Financial Limited on pages 4 to 18 for the year ended 31 March 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant 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 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.

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 company's circumstances, 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 United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group as at 31 March 2006 and of the profit of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- The information given in the director's report is consistent with the financial statements.

Hazlewoods LLP
Chartered Accountants and Registered Auditors

Staverton, Cheltenham

STANDARD FINANCIAL LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the year ended 31 March 2006

| | Note | 2006 | 2005 |
|--|------|---------------|----------|
| TURNOVER | 2 | 5,254,914 | - |
| Cost of sales | | (4,267,536) | - |
| | | <hr/> | <hr/> |
| | | 987,378 | - |
| GROSS PROFIT | | | |
| Net operating expenses | | (970,156) | - |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | 17,222 | - |
| Interest receivable | | 11,672 | - |
| Interest payable | | (2) | - |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 28,892 | - |
| Tax on profit on ordinary activities | 5 | (11,489) | - |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 17,403 | - |
| Minority interests | 6 | - | - |
| | | <hr/> | <hr/> |
| PROFIT FOR THE FINANCIAL YEAR AND RETAINED PROFIT FOR THE GROUP | | <u>17,403</u> | <u>-</u> |

All activities of the group relate to acquisitions during the year and no activities were carried out in the prior year.

There were no recognised gains or losses other than the profit for the year as shown above.

STANDARD FINANCIAL LIMITED

CONSOLIDATED BALANCE SHEET

31 March 2006

| | Note | 2006 | 2005 |
|--|------|-----------|-------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 8 | 132,204 | - |
| Tangible fixed assets | 9 | 35,052 | - |
| Investments | 10 | 15,000 | - |
| | | <hr/> | <hr/> |
| | | 182,256 | - |
| CURRENT ASSETS | | | |
| Debtors | 11 | 115,377 | - |
| Cash at bank and in hand | | 258,059 | 75 |
| | | <hr/> | <hr/> |
| | | 373,436 | 75 |
| CREDITORS | | | |
| due within one year | 12 | (395,387) | - |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | | |
| | | (21,951) | 75 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 160,305 | 75 |
| CREDITORS | | | |
| due in more than one year | 13 | (106,500) | - |
| Provisions for liabilities and charges | 14 | (35,202) | - |
| | | <hr/> | <hr/> |
| | | 18,603 | 75 |
| | | <hr/> | <hr/> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 1,200 | 75 |
| Profit and loss account | | 17,403 | - |
| | | <hr/> | <hr/> |
| SHAREHOLDERS' FUNDS | | | |
| | 17 | £ 18,603 | £ 75 |
| | | <hr/> | <hr/> |

Approved by the Board

C A Llewellyn Palmer

Date:

STANDARD FINANCIAL LIMITED

COMPANY BALANCE SHEET

31 March 2006

| | Note | 2006 | 2005 |
|--|------|-----------|-------|
| FIXED ASSETS | | | |
| Investments | 10 | 107,800 | - |
| | | <hr/> | <hr/> |
| | | 107,800 | - |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Debtors | 11 | 930 | - |
| Cash at bank and in hand | | 70 | 75 |
| | | <hr/> | <hr/> |
| | | 1000 | 75 |
| CREDITORS due within one year | 12 | (1,100) | - |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | (100) | 75 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 107,700 | 75 |
| CREDITORS due in more than one year | 13 | (106,500) | - |
| | | <hr/> | <hr/> |
| | | £1,200 | £ 75 |
| | | <hr/> | <hr/> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 1,200 | 75 |
| Profit and loss account | | - | - |
| | | <hr/> | <hr/> |
| SHAREHOLDERS' FUNDS | 17 | £ 1,200 | 75 |
| | | <hr/> | <hr/> |

Approved by the Board

C A Llewellyn Palmer - Director

Date:

STANDARD FINANCIAL LIMITED**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 March 2006

| | 2006 | 2005 |
|--|-------------|-------------|
| RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES | | |
| Operating profit | 17,222 | - |
| Amortisation of intangible assets | 190,500 | - |
| Depreciation charges | 11,685 | - |
| Decrease in debtors | 17,370 | - |
| Increase in creditors | 314,714 | - |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 551,491 | - |
| | <hr/> <hr/> | <hr/> <hr/> |
| CASH FLOW STATEMENT | | |
| Net cash inflow from operating activities | 551,491 | - |
| Returns on investments and servicing of finance | 11,670 | - |
| Capital expenditure | (48,612) | - |
| Acquisitions and disposals | (381,075) | - |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) before management of liquid resources and financing | 133,474 | - |
| Cash flow from financing activities | | |
| Issue of ordinary share capital | - | 75 |
| | <hr/> | <hr/> |
| Increase in cash in the year | 133,474 | 75 |
| | <hr/> <hr/> | <hr/> <hr/> |

STANDARD FINANCIAL LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2006

| | 2006 | 2005 |
|--|--------------------|----------|
| i) ANALYSIS OF CASH FLOWS | | |
| Returns on investments and servicing of finance | | |
| Interest received | 11,672 | - |
| Interest paid | (2) | - |
| | <u>11,670</u> | <u>-</u> |
| | <u>£ 11,670</u> | <u>-</u> |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (33,613) | - |
| Purchase of investments | (15,000) | - |
| | <u>(48,613)</u> | <u>-</u> |
| | <u>£ (48,613)</u> | <u>-</u> |
| Acquisitions and disposals | | |
| Purchase of businesses | (381,000) | - |
| Purchase of subsidiary undertakings – cash consideration | (75) | - |
| | <u>(381,075)</u> | <u>-</u> |
| | <u>£ (381,075)</u> | <u>-</u> |

ii) ANALYSIS OF NET FUNDS

| | 1 February 2005 | Cash Flow | Acquired with cash changes businesses | Other non- | 31 January 2006 |
|----------------------------------|--------------------|----------------|---|------------------|--------------------|
| Net cash: | | | | | |
| Cash at bank and in hand less | | | | | |
| Bank overdraft | 75 | 133,474 | 116,941 | - | 250,490 |
| | <u>75</u> | <u>133,474</u> | <u>116,941</u> | <u>-</u> | <u>250,490</u> |
| Debts falling due after one year | - | - | - | (106,500) | (106,500) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(106,500)</u> | <u>(106,500)</u> |
| Total | <u>75</u> | <u>133,474</u> | <u>116,941</u> | <u>(106,500)</u> | <u>143,990</u> |

STANDARD FINANCIAL LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2006

iii) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2006 | 2005 |
|--|-------------|-------------|
| Increase in cash in the year | 133,474 | 75 |
| Cash inflow from increase in debt | - | - |
| | <hr/> | <hr/> |
| Change in net funds resulting from cash flows | 133,474 | 75 |
| New hire purchase obligations | - | - |
| Hire purchase obligations acquired with businesses | - | - |
| Cash acquired with subsidiaries | 116,941 | - |
| Other major non-cash changes | (106,500) | - |
| | <hr/> | <hr/> |
| Movement in net funds in the year | 143,915 | 75 |
| Opening net funds | 75 | - |
| | <hr/> | <hr/> |
| Closing net funds | £ 143,990 | £ 75 |
| | <hr/> <hr/> | <hr/> <hr/> |

iv) MAJOR NON-CASH TRANSACTIONS

Major non-cash transactions represent the issue as part of acquisition of £106,500 redeemable preference shares of £1 each.

v) ACQUISITION OF BUSINESSES

During the year the group acquired businesses, the details of which are set out in note 8 to the financial statements. The fair values, in aggregate, of those businesses identifiable assets and liabilities at the date of acquisition (including goodwill) were as follows:

| | |
|-----------------------------------|-------------|
| | £ |
| Fixed assets | 13,124 |
| Debtors | 123,478 |
| Creditors due less than one year | (87,447) |
| Creditors due more than one year | (106,500) |
| | <hr/> |
| Fair value of net assets acquired | 59,596 |
| Positive goodwill | 381,000 |
| Negative goodwill | (58,296) |
| | <hr/> |
| | 382,300 |
| | <hr/> <hr/> |
| Satisfied by: | |
| Deferred purchase consideration | 100 |
| Cash | 381,075 |
| Issue of Ordinary shares | 1,125 |
| | <hr/> |
| | 382,300 |
| | <hr/> <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Standard Financial Limited and its subsidiaries made up to 31 March 2006. The results of its subsidiaries are consolidated on a line by line basis under the acquisition method of accounting.

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied.

Depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates per annum:

| | |
|--------------------|----------------------|
| Office equipment | 25% of WDV per annum |
| Computer equipment | 25% of WDV per annum |

Pensions

The group operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Goodwill

Purchased positive goodwill is capitalised and amortised over its useful economic life.

Purchased negative goodwill (on acquisition of subsidiary undertakings) is capitalised and reviewed for impairment every three years.

Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

2 TURNOVER

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

| | 2006 | 2005 |
|---|-------------------|-------------------|
| 3 OPERATING PROFIT | £ | £ |
| Operating profit is stated after charging: | | |
| Amortisation of intangible assets | 190,500 | - |
| Depreciation of fixed assets | 11,685 | - |
| Directors' emoluments | 184,269 | - |
| Auditors' remuneration | 11,750 | - |
| | <u> </u> | <u> </u> |

The number of directors employed by the company for whom retirement benefits are accruing under money purchase pension schemes amounted to NIL (2005: NIL).

4 DIRECTORS AND OTHER EMPLOYEES

The monthly average number of persons (including directors) employed by the group during the year was as follows:

| | 2006 | 2005 |
|---|-------------------|-------------------|
| Administration | 9 | - |
| | <u> </u> | <u> </u> |
| | 9 | - |
| | <u> </u> | <u> </u> |
| Staff costs (including directors): | | |
| Wages and salaries | 238,145 | - |
| Social security costs | 22,084 | - |
| Other pension costs | 39,400 | - |
| | <u> </u> | <u> </u> |
| | £ 299,629 | - |
| | <u> </u> | <u> </u> |

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

5 TAXATION

| | 2006 | 2005 |
|--|-------------------|-------------------|
| Domestic current year tax | | |
| UK corporation tax | 20,758 | - |
| | <u> </u> | <u> </u> |
| Current tax charge | 20,758 | - |
| Deferred tax | | |
| Deferred tax charge/(credit) current year | (9,269) | - |
| | <u> </u> | <u> </u> |
| | 11,489 | - |
| | <u> </u> | <u> </u> |
| Factors affecting the tax charge for the year | | |
| Profit on ordinary activities before taxation | 28,892 | - |
| | <u> </u> | <u> </u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2004 : 30.00%) | 8,868 | - |
| | <u> </u> | <u> </u> |
| Effects of: | | |
| Non deductible expenses | 556 | - |
| Excess of depreciation over capital allowances | 12,524 | - |
| Marginal relief | (5,822) | - |
| Tax losses carried forward | (999) | - |
| Other tax adjustments | 5,631 | - |
| | <u> </u> | <u> </u> |
| | 11,890 | - |
| | <u> </u> | <u> </u> |
| Current tax charge | 20,758 | - |
| | <u> </u> | <u> </u> |

Other tax adjustments include primarily the effects of other timing differences of £5,631.

6 MINORITY INTERESTS

There is no minority interest as the subsidiaries are wholly owned by the parent company.

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

7 PROFIT FOR THE FINANCIAL YEAR

Standard Financial Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

The profit for the year before tax of the parent company is £nil (2005: £nil).

8 INTANGIBLE FIXED ASSETS

| The Group | Goodwill £ |
|---------------------------------|-----------------------------|
| Cost | |
| At 1 April 2005 | - |
| Additions in the year | 322,704 |
| | <hr/> |
| At 31 March 2006 | 322,704 |
| | <hr/> <hr/> |
| Accumulated amortisation | |
| At 1 April 2005 | - |
| Charge for the year | 190,500 |
| | <hr/> |
| At 31 March 2006 | 190,500 |
| | <hr/> <hr/> |
| Net book value | |
| At 31 March 2006 | £ 132,204 |
| | <hr/> <hr/> |

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

During the year Financial Limited, Financial 1 Limited, IFA Compliance Limited and Dominico Limited were acquired by Standard Financial Limited. Negative goodwill has been shown as negative assets.

| Subsidiaries Undertakings | Book Value | Adjustments | Fair Value |
|----------------------------------|-------------------|--------------------|-------------------|
| Purchase consideration | | | (1,300) |
| | | | <u>(1,300)</u> |
| Net assets acquired: | | | |
| Fixed Assets | 13,124 | - | 13,124 |
| Current Assets | | | |
| Debtors | 123,478 | - | 123,478 |
| Cash | 116,941 | - | 116,941 |
| Current Liabilities | (87,447) | - | (87,447) |
| Longterm Liabilities | (106,500) | - | (106,500) |
| | <u>£ 59,596</u> | <u>-</u> | <u>£ 59,596</u> |
| Total net Assets | | | <u>£ (58,296)</u> |

| Unincorporated Businesses | Book Value | Adjustments | Fair Value |
|----------------------------------|-------------------|--------------------|-------------------|
| Purchase consideration | | | 381,000 |
| | | | <u>381,000</u> |
| Net assets acquired: | | | |
| Goodwill | - | - | - |
| Client list | - | - | - |
| Name | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total net assets | | | <u>£ 381,000</u> |
| Positive goodwill arising | | | <u>£ 322,704</u> |
| Total goodwill | | | <u>£ 322,704</u> |

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

9 TANGIBLE FIXED ASSETS

GROUP

| | Office equipment | Computer equipment | Total |
|-----------------------|---------------------|-----------------------|-------------|
| Cost | | | |
| At 1 April 2005 | 13,317 | 10,730 | 24,047 |
| Additions | 4,617 | 28,996 | 33,613 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2006 | 17,934 | 39,726 | 57,660 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| At 1 April 2005 | 5,761 | 5,162 | 10,923 |
| Charge for year | 3,044 | 8,641 | 11,685 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2006 | 8,805 | 13,803 | 22,608 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 March 2006 | 9,129 | 25,923 | 35,052 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

10 INVESTMENTS

| Group | 2006 | 2005 |
|------------------------------|-------------|-------------|
| Listed investments | 15,000 | - |
| | <hr/> | <hr/> |
| | £ 15,000 | - |
| | <hr/> <hr/> | <hr/> <hr/> |
| Company | | |
| Shares in group undertakings | | |
| Cost and net book value | 107,800 | - |
| | <hr/> | <hr/> |
| | £ 107,800 | - |
| | <hr/> <hr/> | <hr/> <hr/> |

DETAILS OF SUBSIDIARY UNDERTAKINGS

Location, business and holdings

| | Class of share | % held | Location | Nature of business |
|---------------------|-------------------|-----------|-----------------|-----------------------|
| Financial Limited | Ordinary | 100 | England & Wales | IFA Network |
| Financial 1 Limited | Ordinary | 100 | England & Wales | Financial Advice |
| IFA Compliance Ltd | Ordinary | 100 | England & Wales | Compliance Advice |
| Dominico Ltd | Ordinary | 100 | England & Wales | Dormant |

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

| 11 DEBTORS | Group | | Company | |
|--------------------|------------------|----------|--------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| Trade debtors | 10,233 | - | - | - |
| Other debtors | 95,875 | - | 930 | - |
| Deferred tax asset | 9,269 | - | - | - |
| | <u>£ 115,377</u> | <u>-</u> | <u>£ 930</u> | <u>-</u> |

Deferred taxation provided in the financial statements comprises accelerated capital allowances of £1,292 credit and other timing differences of £10,561 debit.

12 CREDITORS - due within one year

| Other creditors: | Group | | Company | |
|---------------------------------|------------------|----------|----------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| Bank loans and overdrafts | 7,569 | - | - | - |
| Trade creditors | 6,518 | - | - | - |
| Current corporation tax | 20,759 | - | - | - |
| Other taxes and social security | 15,215 | - | - | - |
| Accruals and deferred income | 215,940 | - | - | - |
| Other creditors | 129,386 | - | 1,100 | - |
| | <u>£ 395,387</u> | <u>-</u> | <u>£ 1,100</u> | <u>-</u> |

Included within other creditors are directors loan account amounts totalling £150,000 (2005: Nil).

13 Creditors: amounts falling due after more than one year

| Redeemable shares of £1 each | Group | | Company | |
|-------------------------------------|----------------|----------|----------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| | 106,500 | - | 106,500 | - |
| | <u>106,500</u> | <u>-</u> | <u>106,500</u> | <u>-</u> |
| Analysis of loans | | | | |
| Not wholly repayable within 5 years | 106,500 | - | 106,500 | - |
| | <u>106,500</u> | <u>-</u> | <u>106,500</u> | <u>-</u> |

Redeemable preference shares have been classified as a financial liability in accordance with the Financial Reporting Standard No. 25 'Financial Instruments: Disclosure and Presentation'

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

14 Provisions for liabilities and charges

| | 2006 |
|--------------------------|-------------|
| Group | |
| Profit and loss account | 35,202 |
| | <hr/> |
| Balance at 31 March 2006 | 35,202 |
| | <hr/> <hr/> |

Other provisions represent the amount provided in respect of claims related to financial advice. In the opinion of the directors, the maximum liability has been provided.

15 PENSION COSTS

During the year, pension costs of £39,400 (2005: nil) were charged to the group under defined contribution pension schemes.

| 16 SHARE CAPITAL | 2006 | 2005 |
|---|-------------|-------------|
| Authorised | | |
| Included as equity | | |
| 6,893,500 ordinary shares of £1 each | 6,893,500 | 100 |
| Included as a financial liability | | |
| 106,500 redeemable preference shares of £1 each | 106,500 | - |
| | <hr/> | <hr/> |
| | 7,000,000 | 100 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Allotted, called up and fully paid | | |
| Included as equity: | | |
| 1,200 ordinary shares of £1 each | 1,200 | 75 |
| Included as a financial liability: | | |
| 106,500 redeemable preference shares of £1 each | 106,500 | - |
| | <hr/> | <hr/> |
| | 107,700 | 75 |
| | <hr/> <hr/> | <hr/> <hr/> |

Redeemable preference shares are included under 'Creditors: amounts falling due after more than one year' in accordance with the Financial Reporting Standard No.25 'Financial Instruments: Disclosure and Presentation'. The redeemable shares have no preferential rights to a dividend. 56,500 redeemable shares of £1 each are redeemable in 2010 and the other 50,000 redeemable preference shares of £1 each are redeemable in 2012.

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | | Group | | Company |
|--|-----------------|--------------|----------------|----------------|
| | 2005 | 2004 | 2006 | 2005 |
| Profit for the financial year | 17,403 | - | - | - |
| Ordinary shares issued during financial year | 1,125 | - | 1,125 | - |
| Opening shareholders' funds | 75 | 75 | 75 | 75 |
| Closing shareholders' funds | <u>£ 18,605</u> | <u>£ 75</u> | <u>£ 1,200</u> | <u>£ 75</u> |

18 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

The parent company of the group, Standard Financial Limited, is a related party of Investments Limited due to the common director C A Llewellyn Palmer.

During the year, the group recharged expenses of £11,065 to Investments Limited. During the year Investment Limited charged £35,124 in respect of network fees and indemnity charges to the group. At 31 March £5,000 was due to Investment Limited from the group.

19 CONTROL OF THE COMPANY

The company is controlled by C A Llewellyn Palmer.