

Registered No. 4630661

**STANDARD FINANCIAL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

**HARPERSHELDON
THE OLD SCHOOL HOUSE
LECKHAMPTON ROAD
CHELTENHAM
GL53 0AX**

STANDARD FINANCIAL LIMITED

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STANDARD FINANCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the financial statements of the company and group for the year ended 31 March 2008.

The comparative figures are for the year ended 31 March 2007.

Directors

C A Llewellyn Palmer (appointed 8 January 2003)

L J Llewellyn Palmer (appointed 8 January 2003)

G A N Foster (appointed 20 December 2006)

K A Wrightson (resigned 7 December 2007)

E J Sale (resigned 7 December 2007)

The present directors are shown above, all served on the board throughout the year.

Secretary

L J Llewellyn Palmer

Registered Office, Domicile and Legal Form

Standard Financial Limited is a company incorporated in England under the Companies Act 1985.

Andoversford Business Park

Andoversford

Cheltenham

Glos. GL54 4LB

Principal Activity

The principal activity of the group throughout the year was that of financial services.

BUSINESS REVIEW

Values

The values of the group are represented by the company motto: honesty, integrity and discipline.

Targets

The principal target is growth without ever compromising our key values of Honesty, Integrity and Discipline.

Business Overview

Standard Financial Ltd has several companies and the main business is that of IFA networks. In particular the group run a hybrid network, whereby IFAs are paid direct not via the network. This is our innovation and it is very popular, efficient and low cost.

Competition and Markets

Standard Financial Ltd's companies are operating in a growth sector. The financial services compliance industry is one of the success stories of the last decade, increasing barriers to entry (which restricts competition), driving up standards (which is good for all of us who remain in the industry) and increasing the demand (and hence the price) for our services. This is a very favourable market place.

STANDARD FINANCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

Trading

Trade in the last year has seen a steadily increasing demand which we have so far been able to match on the supply side. This has led to the increase in turnover.

Profit Dynamics

The profit has mostly been driven by the regulated companies led by Financial Ltd.

Investment Management

The investment management division Investments Ltd has grown its income during 2007 and 2008. This success can be split into two: clients managed internally on a discretionary basis and secondly high quality IFAs working through the franchise on an advisory basis and in a few cases on a discretionary basis.

Group Costs

Front and back office salary costs have risen.

Teams

The Group is broken down into small groups but in the main there are four divisions: Networks; fund management; financial advice to the public; and compliance consultancy to financial advisers.

Key Performance Indicators (KPIs)

The main KPIs used by management are: quality, turnover and fixed costs.

Regulations

The financial services industry is heavily regulated for quality, and the quality KPI above is in turn broken down into many more indicators that are closely followed at board level.

Risks

Risks to the business are reviewed and monitored day to day by the directors. The internal controls used are designed to manage the risk rather than eliminate it. The systems, strategies, processes and reviews used are condensed into a report that is updated monthly. This report is called "Risk Control". The following risk types are covered in the report and are discussed together with the accounts in the monthly board meetings.

- Business Risk
- Competitive Risk
- Concentration Risk
- Credit Risk
- Group Risk
- Insurance Risk
- Interest Rate Risk
- Legislative Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Reputation Risk
- Residual Risk
- Pension Obligation Risk
- Securitisation Risk

STANDARD FINANCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

Future Developments

The directors are confident of the prospects of the group and believe that profitability will improve in the future. This is the key factor: growth of network membership due to the unique hybrid model and tough compliance environment.

Results and Dividends

The results of the year's trading and the financial position of the group are shown in the annexed accounts.

The company's profit after tax amounted to £0 (2007 - loss £30)

The group's profit for the year, after taxation, amounted to £218,952 (2007 - loss £35,636).

Health and Safety Policy

The Group has a Health and Safety at Work Policy which is reviewed annually by the Board. The Executive Director responsible for health and safety throughout the financial year was Miss Foster.

The Group is committed to the health and safety of its employees, clients, sub-contractors IFA network members and others who may be affected by our work activities. The Group evaluates the risks to health and safety in the business and manages this through an effective Health and Safety Management System. The Group provides necessary information, instruction, training and supervision to ensure that employees are able to discharge their duties effectively. The Health and Safety Management System used by the Group ensures compliance with all applicable legal and regulatory requirements and internal standards and seeks, by continuous improvement, to develop health and safety performance.

ENVIRONMENTAL POLICY

Environmental and Ethical Matters

The Group believes firmly in the importance of conducting its business in a responsible and sustainable way, sensitive to the developing needs and expectations of society at large. We make every effort to reduce our environmental footprint. We have reduced the use of paper by encouraging double sided 2:1 duplex printing, electronic communication both to and from our clients by the use of the internet and internally by the widespread use of the intranet and email communication. The majority of wastepaper is recycled.

Miss Foster is the Director responsible for environmental matters. The Group's environmental policy is on our notice board. The Board have considered areas where there may be environmental risk from direct actions by the Group. This risk is considered to be minimal, because nearly all its activities are desk based. Nearly all the premises are leasehold and our landlords are encouraged, when replacing equipment or for the services that they supply to us, to ensure that environmental issues are considered. Miss Foster ensures that appropriate environmental considerations are considered when a new supplier is chosen or when equipment is replaced.

In the fund management department the overall investment policy is concerned with obtaining the best return for clients. But it is also our policy to construct portfolios which take into account the personal preferences of our clients in relation to ethical and environmental matters.

Creditor Payment Policy

It is the Group's policy to settle all of its trading transactions on the agreed settlement date; this policy extends to other trade creditors whose terms are normally 28 days. On average, creditors were paid within 14 days in 2007 and 2008.

STANDARD FINANCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

Directors' Interests

The interests of the directors in the shares of the company at the beginning and end of the year, were as follows:

	31 March 2008	1 April 2007
C A Llewellyn Palmer		
Ordinary shares of £1 each		
Beneficial interests	373,250	1,100
Preference shares of £1 each		
Beneficial interests	Nil	53,250
L J Llewellyn Palmer		
Ordinary shares of £1 each		
Beneficial interests	53,650	100
Preference shares of £1 each		
Beneficial interests	Nil	53,250

Statement of Disclosure of Information to Auditors

The directors of the company who held office at the date of approval of this Annual Report as set out above each confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, harpersheldon, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD

L J LLEWELLEN PALMER – SECRETARY

Date: 29 July 2008

STANDARD FINANCIAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2008

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the company in accordance with UK Financial Reporting Standards (UK GAAP), however they have elected to prepare financial statements for the company in accordance with IFRS. Company law requires the Directors to prepare such financial statements in accordance with IFRS, 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; and
- provide additional disclosures when compliance with the specific requirements in IFRS 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.

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 and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STANDARD FINANCIAL LIMITED

DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2008

Remuneration is set by the Chairman. He takes external advice. In assessing all aspects of pay and benefits, he compares packages offered by similar companies. These companies are chosen having regard to their size as measured by turnover and numbers of employees and their growth pattern. He compares salaries to the remuneration of other senior employees within the Group including the other Executive Directors. The working of this policy is such that all Directors are remunerated within the same framework. They are trusted to act according to the Group principles of Honesty, Integrity and Discipline and rewarded accordingly, regardless of results.

Share options and profit share

The Group has no share options available to employees and no profit share is paid to any employee.

Policy on external appointments

The Group has no non-executive directors.

Policy on contracts of service

All senior executives including Executive Directors have substantially identical contracts. There are no exceptional termination provisions for either senior executives or Executive Directors. Executive Directors have no formal termination date to their letters of appointment. No contracts have garden leave clauses, and all Directors and senior executives are trusted to run the company to the best of their ability with the company's own stated principles in mind.

The commencement dates of the director contracts are as follows:

Standard Financial Ltd	Appointed	Resigned
C.A.Llewellyn Palmer	8 January 2003	
L.J.Llewellyn Palmer	8 January 2003	
Miss G.Foster	20 December 2006	
K.A.Wrightson	10 September 2007	7 December 2007
E.J.Sale	10 September 2007	7 December 2007

Material contracts with Directors

Other than the loan to the chairman set out below in the notes, there were no material contracts between the Group and the Directors.

Policy on remuneration of other senior executives

The directors determine the remuneration of all senior executives.

STANDARD FINANCIAL LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

The Directors are committed to a high standard of corporate governance. However inherent in this commitment is an understanding of the small size of the group and the limited number of shareholders. In this respect there is little compliance with the best practice provisions of the Combined Code on corporate governance published in July 2003 by the Financial Reporting Council (“the Combined Code”). The group has an unorthodox approach reflecting the flat management structure. If the group continues to grow the directors understand that there will be a need within a year or so for a more hierarchical and bureaucratic approach to governance throughout the group. The board has discussed the Higgs report and some members have undergone training on corporate governance orthodoxy. The board have discussed the merit of and need for non executive directors and have decided to review the position again within the year.

The board has no formal committees for Remuneration, Audit, Corporate Governance and Nominations. Nor is there a formal committee for risk management, Health and Safety, Environment and Regulation. However this does not mean that these topics are not covered. They are discussed in an informal manner as well as in minuted meetings. In due course a more formal approach may be taken.

Board Evaluation

The Board conducted its annual formal performance evaluation during the year, with each Director expressing their views via a confidential questionnaire to the Chairman.

Auditors’ Independence

The Board uses the auditors for audit and related activities. An analysis of auditors’ modest remuneration is provided in the financial statements. The majority of tax advisory and similar work is carried out by them.

Internal Control

The Board undertakes a full review of all aspects of the Group’s business, identifies the main risks to the business and identifies the key controls to counter these risks. The Compliance Department carries out continuous reviews. The Board considers reputation risk, and the added risk of taking on new IFA members of the networks and new business streams. The level of complaints is carefully monitored.

Any system of internal control is designed to highlight and manage the risk of failure. The following key dials are closely watched by the directors.

1. A compliance report is presented monthly to the board by the compliance director.
2. Financial results, key operating statistics and controls are reported to the Board monthly.
3. Monthly reports are received from the compliance director.
4. The Directors have reviewed the Group’s system of internal controls and compliance monitoring and believe that these provide assurance that problems have been identified on a timely basis and dealt with appropriately throughout the period under review and up to the date of approval of the annual report and accounts.

STANDARD FINANCIAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD FINANCIAL LIMITED FOR THE YEAR ENDED 31 MARCH 2008

We have audited the group and parent company financial statements (the "financial statements") of Standard Financial Limited for the 52 week period ended 31 March 2008 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited 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 whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

STANDARD FINANCIAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD FINANCIAL LIMITED FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its profit for the 52 week period then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2008.
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

harpersheldon
Registered Auditors
The Old School House
Leckhampton Road
Cheltenham
GL53 0AX

Date: 29 July 2008

STANDARD FINANCIAL LIMITED

CONSOLIDATED INCOME STATEMENT

		Group	
	Note	Year ended 31 March 2008 £	Year ended 31 March 2007 £
CONTINUING OPERATIONS			
Revenue	2	12,856,655	7,352,133
Cost of sales		11,009,225	6,071,894
GROSS PROFIT		1,847,430	1,280,239
Administrative expenses	3	1,629,702	1,294,797
OPERATING PROFIT	4	217,728	(14,558)
Finance income	6	40,330	24,025
Finance costs	6	(4,355)	-
Finance costs – net	6	35,975	24,025
PROFIT BEFORE INCOME TAX		253,703	9,467
Income tax expense	7	34,751	45,103
PROFIT FOR THE YEAR		218,952	(35,636)
Attributable to: Equity holders of the company from continuing operations		218,952	(35,636)

The company has elected to take the exemption under section 230 of the Companies Act 1985 to not present the parent company profit and loss account.

The profit for the parent company for the year was £0 (2007 – loss £30).

The annexed notes form part of these financial statements.

STANDARD FINANCIAL LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE

	Year ended 31 March 2008	Year ended 31 March 2007
	£	£
Net income recognised directly in equity	-	-
Profit for the year	218,952	(35,636)
TOTAL RECOGNISED INCOME FOR THE YEAR	<u>218,952</u>	<u>(35,636)</u>
Attributable to:		
Equity holders of the company	<u>218,952</u>	<u>(35,636)</u>

There are no movements to be recognised through the parent company statement of recognised income and expense in 2008 (2007 - loss £30).

The annexed notes form part of these financial statements.

STANDARD FINANCIAL LIMITED

CONSOLIDATED BALANCE SHEET

	Note	Group		Company	
		As at 31 March 2008	2007	As at 31 March 2008	2007
		£	£	£	£
ASSETS					
Non-current assets					
Property, plant and equipment	9	89,042	78,713	-	-
Intangible assets	8	223,080	-	-	-
Investment in subsidiary	10	-	-	522,600	107,800
Investment in quoted companies	10	23,579	-	-	-
		<u>335,701</u>	<u>78,743</u>	<u>522,600</u>	<u>107,800</u>
Current assets					
Trade and other receivables	11	125,930	81,713	900	900
Cash and cash equivalents	12	685,611	327,957	70	40
		<u>811,541</u>	<u>409,670</u>	<u>970</u>	<u>940</u>
TOTAL ASSETS		<u>1,147,242</u>	<u>488,413</u>	<u>523,570</u>	<u>108,740</u>
EQUITY					
Capital and reserves attributable to equity holders of the company					
Ordinary shares	15	426,900	1,200	426,900	1,200
Retained earnings	16	234,014	15,063	93,970	30
TOTAL EQUITY	17	<u>660,914</u>	<u>16,263</u>	<u>520,870</u>	<u>1,170</u>
LIABILITIES					
Non-current liabilities					
Borrowings	14	-	106,500	-	106,500
Current liabilities					
Trade and other payables	13	366,476	303,809	2,700	1,070
Current income tax liability		67,668	35,836	-	-
Borrowings		49,971	26,005	-	-
Provision for other liabilities and charges		2,213	-	-	-
		<u>486,328</u>	<u>365,650</u>	<u>2,700</u>	<u>1,070</u>
TOTAL LIABILITIES		<u>486,328</u>	<u>472,150</u>	<u>2,700</u>	<u>107,570</u>
TOTAL EQUITY AND LIABILITIES		<u>1,147,242</u>	<u>488,413</u>	<u>523,570</u>	<u>108,740</u>

The financial statements on pages 10 to 24 were authorised for issue by the Board of Directors on 29 July 2008 and were signed on its behalf.

C A Llewellyn Palmer
Director

The annexed notes form part of these financial statements.

STANDARD FINANCIAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT

	Note	Group		Company	
		As at 31 March		As at 31 March	
		2008	2007	2008	2007
		£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	21	261,735	126,358	30	(30)
Interest paid		(4,355)	-	-	-
Income tax paid		(706)	(20,759)	-	-
Net cash generated from operating activities		256,674	105,599	30	(30)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary, net of cash acquired		109,055	-	-	-
Purchases of property, plant and equipment (PPE)	9	(54,792)	(76,362)	-	-
Proceeds from sale of PPE	9	6,000	8,200	-	-
Purchases of available-for-sale financial assets	8	(23,579)	15,000	-	-
Interest received		40,330	24,005	-	-
Net cash used in investing activities		77,014	(29,137)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to company's shareholders		-	(25,000)	-	-
Net cash used in financing activities		-	(25,000)	-	-
NET (DECREASE)/INCREASE IN CASH	22	333,688	51,462	30	(30)
CASH EQUIVALENTS AND BANK OVERDRAFTS					
Cash, cash equivalents and bank overdrafts at beginning of year		301,952	250,490	40	70
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF YEAR	22	635,640	301,952	70	40

The annexed notes form part of these financial statements.

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The consolidated financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the financial statements comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared under the historical cost convention.

The effect of events in relation to the year ended 31 March 2008 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31st March 2008 and of the results for the year ended on that date.

First time adoption of IFRS

The directors have compared the comparatives from UK GAAP to IFRS. They have concluded only one difference occurred in respect of negative goodwill and as such the figures have been restated. See Note 23 for a reconciliation.

Basis of consolidation

The Group accounts consolidate the accounts of Standard Financial Limited and all its subsidiary undertakings.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired during the period are included in the consolidated income statement from the date of acquisition to the date of disposal.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the company's accounts investments in subsidiary undertakings are stated at cost less any provision for impairment. Dividends received and receivable are credited to the income statement to the extent that they represent a realised profit and loss for the company.

In accordance with Section 230 of the Companies Act 1985 Standard Financial Limited has taken advantage of the legal dispensation not to present its own income statement. The amount of the profit for the financial period dealt with in the financial statements of the company is disclosed in the directors report.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents gross commission, management fees and other income receivable in respect of the period.

Other fees are taken to the income statement when payment is contractually due.

Operating profit

Operating profit is stated as being profit before finance income, finance costs and tax.

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT')

Taxation

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

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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in 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.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal the attributable amount of goodwill is included in the determination of the profit or loss.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Where there is an excess of acquirers interest in the net fair value of the acquirees identifiable assets, liabilities and contingent liabilities over cost this is recognised immediately in the Income Statement after all fair values have been re-assessed.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment. Depreciation has been provided on the reducing balance basis to write off the cost less estimated residual values of tangible fixed assets over their estimated useful lives as follows:

Fixtures and fittings and computer equipment	4 years
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STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

2. TURNOVER

The company's turnover represents the value of goods and services supplied to customers during the year.

3. NET OPERATING EXPENSES

	2008 £	2007 £
Administrative expenses	1,629,702	1,294,797

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2008 £	2007 £
Directors' emoluments	242,527	167,269
Staff costs	429,244	295,098
Depreciation on property, plant and equipment	29,681	25,360
Amortisation of intangible non-current assets	-	190,500
Auditors' remuneration (in respect of audit services)	21,291	9,250

Remuneration of key management personnel

The basis for the remuneration of the directors, who are the key management personnel, is shown on the Directors' Remuneration Report.

5. STAFF COSTS

	2008	2007
The average number of employees of the group was	29	20

The aggregate payroll costs of these persons were as follows:

	2008 £	2007 £
Wages and salaries	586,292	359,576
Social security	55,545	35,717
Pension contributions	29,934	67,074

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

6. FINANCE INCOME AND FINANCE COSTS

	2008 £	2007 £
Income		
Bank interest received	40,330	24,025
	<u>40,330</u>	<u>24,025</u>
Costs		
Bank charges and interest paid	4,355	-
	<u>4,355</u>	<u>-</u>

7. TAXATION

	2008 £	2007 £
Current tax:		
UK corporation tax on profits of the year	32,538	35,836
	<u>32,538</u>	<u>35,836</u>
Total current tax	32,538	35,836
Deferred tax	2,213	9,267
	<u>34,751</u>	<u>45,103</u>

Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	179,343	9,467
	<u>179,343</u>	<u>9,467</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 – 30%)	53,803	2,840
Effects of:		
Expenses not deductible for tax purposes	3,352	1,625
Capital allowances for year in excess of depreciation	(3,672)	(5,786)
Other tax adjustments	14,185	37,157
Adjustments to charge in respect of previous periods	(35,130)	-
	<u>32,538</u>	<u>35,836</u>

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

8. NON CURRENT ASSETS

Intangible

Year ended 31 March 2007

Goodwill
£

Cost

At 1 April 2006

381,000

At 31 March 2007

381,000

Amortisation

At 1 April 2006

190,500

Charge for the year

190,500

At 31 March 2007

381,000

Net book value

At 31 March 2007

Nil

Year ended 31 March 2008

Goodwill
£

Cost

At 1 April 2007

381,000

Additions

223,080

At 31 March 2008

604,080

Amortisation

At 1 April 2007

381,000

Charge for the year

-

At 31 March 2008

381,000

Net book value

At 31 March 2008

223,080

At 31 March 2007

Nil

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

9. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2007

	Fixtures and Fittings £
Cost	
At 1 April 2006	57,660
Additions	76,362
Disposals	(9,750)
At 31 March 2007	<u>124,272</u>
Depreciation	
At 1 April 2006	22,608
Charge for the year	25,360
Elimination on disposals	(2,439)
At 31 March 2007	<u>45,529</u>
Net book value	
At 31 March 2007	<u><u>78,743</u></u>

Year ended 31 March 2008

	Fixtures and Fittings £
Cost	
At 1 April 2007	124,272
Additions	54,792
Disposals	(19,750)
At 31 March 2008	<u>159,314</u>
Depreciation	
At 1 April 2007	45,529
Charge for the year	29,681
Elimination on disposals	(4,938)
At 31 March 2008	<u>70,272</u>
Net book value	
At 31 March 2008	<u><u>89,042</u></u>
At 31 March 2007	<u><u>78,743</u></u>

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

10. INVESTMENTS

	2008 £	2007 £
Group		
Listed investments	23,579	-
Company		
Shares in group companies	522,600	107,800

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

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Current:				
Trade debtors	50,437	25,927	-	-
Amounts owed by associated companies	-	37,500	-	-
Other debtors	30,328	15,999	900	900
Prepayments and accrued income	45,165	2,287	-	-
	<u>125,930</u>	<u>81,713</u>	<u>900</u>	<u>900</u>

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Bank accounts	685,611	327,957	70	40

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Current:				
Trade creditors	4,982	3,032	-	-
Social Security and other taxes	23,017	17,971	-	-
Other creditors	204,816	135,094	2,700	1,070
Accruals and deferred income	133,661	147,712	-	-
	<u>366,476</u>	<u>303,809</u>	<u>2,700</u>	<u>1,070</u>

14. NON CURRENT LIABILITIES

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Borrowings:				
Redeemable preference shares	-	106,500	-	106,500
	<u>-</u>	<u>106,500</u>	<u>-</u>	<u>106,500</u>

15. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
6,893,500 ordinary shares of £1 each	6,893,500	6,893,500
106,500 Redeemable preference shares of £1 each	106,500	106,500
	<u>7,000,000</u>	<u>7,000,000</u>
Allotted, called up and fully paid		
426,900 ordinary shares of £1 each	426,900	1,200
	<u>426,900</u>	<u>1,200</u>

During the year the following shares were allotted and fully paid.

Conversion of redeemable preference shares	106,500
3:1 share swap re Financial Protection Network Limited	18,000
6:1 share swap re Investments Limited	301,200
	<u>425,700</u>

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

16. RETAINED EARNINGS

	Group £	Company £
At 1 April 2007	15,062	(30)
Dividend received	-	94,000
Retained profit for the financial year	218,952	-
	<u>234,014</u>	<u>93,970</u>
At 31 March 2008	<u><u>234,014</u></u>	<u><u>93,970</u></u>

17. RESERVES AND RECONCILIATION OF CHANGES IN EQUITY

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Profit/(loss) for the year	218,952	(60,636)	-	(30)
Dividend received	-	-	94,000	-
Share capital issued	425,700	-	425,700	-
	<u>644,652</u>	<u>(60,636)</u>	<u>519,700</u>	<u>(30)</u>
Net addition to shareholders' funds				
Opening shareholders' funds	16,263	76,899	1,170	1,200
	<u>660,915</u>	<u>16,263</u>	<u>520,870</u>	<u>1,170</u>
Closing shareholders' funds	<u><u>660,915</u></u>	<u><u>16,263</u></u>	<u><u>520,870</u></u>	<u><u>1,170</u></u>

18. RELATED PARTY TRANSACTIONS

During the year Standard Financial Limited entered into the following transactions with other companies, related by virtue of being in the same group.

Company	Income/ (expense) £	Narrative	Closing Creditor £
Financial Limited	(1,600)	Stamp duty	2,570
Dominico Limited	-	share purchase	100

19. CONTROLLING PARTY

The company is controlled by the directors, C A Llewellyn-Palmer and L J Llewellyn-Palmer, by virtue of their shareholdings as described in the directors' report..

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

20. BUSINESS COMBINATIONS

	Investments Limited	Financial Protection Network Limited	Total
	£	£	£
Purchase Consideration:			
Cash paid	-	-	-
Direct cost relating to acquisition	1,094	500	1,594
Fair value of shares issued	301,200	18,000	319,200
	<hr/>	<hr/>	<hr/>
Total purchase consideration	302,294	18,500	320,794
Fair value of net assets acquired	79,232	18,482	97,714
	<hr/>	<hr/>	<hr/>
Goodwill	223,062	18	223,080
	<hr/>	<hr/>	<hr/>

The assets and liabilities as of 1 April 2007 arising from the acquisition are as follows:

	Investment Limited		Financial Protection Network Limited	
	Fair Value	Acquiree's Carrying Amount	Fair Value	Acquiree's Carrying Amount
	£	£	£	£
Cash and cash equivalents	98,901	98,901	11,749	11,749
Property plant and equipment	-	-	-	-
Trade and other receivables	33,794	33,794	20,003	20,003
Trade and other payables	(21,963)	(21,963)	(13,270)	(13,270)
Borrowings	(31,500)	(31,500)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets acquired	79,232	79,232	18,482	18,482
	<hr/>	<hr/>	<hr/>	<hr/>
Purchase consideration settled in cash				
Cash and cash equivalents in subsidiary acquired	-	(98,901)	-	(11,749)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash inflow on acquisition	-	(98,901)	-	(11,749)
	<hr/>	<hr/>	<hr/>	<hr/>

Investments Limited

During the year the company purchased Investments Limited from one of the directors, C A Llewellyn-Palmer, by issuing 301,200 shares and created goodwill of £223,062.

Financial Protection Network Limited

During the year the Company purchased Financial Protection Network Limited from one of the directors, C A Llewellyn-Palmer by issuing 18,000 shares and created £18 of goodwill.

STANDARD FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 (CONT)

21. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2008 £	Group	2007 £
Operating profit/(loss)	253,703		(14,558)
Depreciation charge	29,681		23,360
Profit on sale of fixed assets	8,812		(887)
Amortisation of intangible fixed assets	-		190,500
Increase/(decrease) in debtors	9,580		24,395
Increase/(decrease) in creditors	(4,066)		(63,250)
Provision for liabilities and charges	-		(35,202)
Finance costs	(35,975)		-
	<u>261,735</u>		<u>126,358</u>
Net cash inflow/outflow from operating activities	<u>261,735</u>		<u>126,358</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2007 £	Cash flow £	2008 £
Cash at bank and in hand	327,957	357,654	685,611
Overdraft	(26,005)	(23,966)	(49,971)
	<u>301,952</u>	<u>333,688</u>	<u>635,640</u>

23. RECONCILIATION FROM UK GAAP TO IFRS

Preparing accounts under IFRS has had the following effect on equity as at 1 April 2006 and 1 April 2007 and profit for the year ended 31 March 2007.

Total Equity	1 April 2007 £	1 April 2006 £
Balance under UK GAAP	(42,033)	18,603
Effect of writing off the excess acquirers interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	58,296	58,296
Balance under IFRS	<u>16,263</u>	<u>76,899</u>

Profit for the year ended 31 March 2007

No change from UK GAAP to IFRS