REGISTERED NUMBER: 07077821 (England and Wales)

Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2011

for

Gateway Specialist Advice Services Limited

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Gateway Specialist Advice Services Limited (Registered number: 07077821)

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DIRECTORS:	N Kelly A P Megson C J Rhodes J C Dear
REGISTERED OFFICE:	Pixham End Dorking Surrey RH4 1QA
REGISTERED NUMBER	07077821 (England and Wales)
AUDITORS.	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

The Directors present their report and the audited financial statements of Gateway Specialist Advice Services Limited for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of the provision of financial advice on pensions and equity release products to principally UK residents These clients are referred to the Company predominantly by Sesame Limited appointed representatives The Company is subject to FSA regulation as an appointed representative of Sesame Limited

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

N Kelly
A P Megson
C J Rhodes

Other changes in directors holding office are as follows

G Higginson - appointed 9 August 2011 Resigned 14 March 2012
J C Dear – appointed 16 March 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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

In accordance with section 487 of the Companies Act 2006, the company has dispensed with the obligation to reappoint its auditor annually and Ernst & Young LLP ("E&Y") will therefore continue in office

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD:

C J Rhodes - Director

Date 18 April 2012

Report of the Independent Auditors to the Shareholders of Gateway Specialist Advice Services Limited

We have audited the financial statements of Gateway Specialist Advice Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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
As explained more fully in the Directors' Responsibilities Statement as set out on page 5, 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 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 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 financial statements to identify material inconsistencies with the audited financial statements 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 company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- 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 Report of the Directors 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors

Ernst & Young LLP

R Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Bristol

Date 18 April 2012

Gateway Specialist Advice Services Limited (Registered number: 07077821)

Profit and Loss Account for the Year Ended 31 December 2011

	Notes	Year Ended 31/12/11 £'000	Period 16/11/09 to 31/12/10 £'000
TURNOVER		819	470
Cost of sales		297	195
GROSS PROFIT		522	275
Administrative expenses		796	1,636
OPERATING LOSS	3	(274)	(1,361)
Interest payable and similar charges		19	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(293)	(1,361)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR		(293)	(1,361)

The notes form part of these financial statements

Gateway Specialist Advice Services Limited (Registered number: 07077821)

Balance Sheet
31 December 2011

	Notes	2011 £'000	£'000	2010 £'000	£'000
FIXED ASSETS					
Intangible assets	5		1,059		1,059
CURRENT ASSETS					
Debtors	6	25		10	
Prepayments and accrued income		-		32	
Cash at bank and in hand		105		63	
		130		105	
CREDITORS					
Amounts falling due within one year	7	116		115	
NET CURRENT ASSETS/(LIABILITIES)			14		(10)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,073		1,049
CREDITORS					
Amounts falling due after more than one year	8		(519)		(201)
PROVISIONS FOR LIABILITIES	9		(8)		(9)
NET ASSETS			546		839
CAPITAL AND RESERVES					
Called up share capital	10		200		200
Share premium	11		2,000		2,000
Profit and loss account	11		(1,654)		(1,361)
SHAREHOLDERS' FUNDS			546		839

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 18 April 2012 and were signed on its behalf by

C J Rhodes - Director

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Basis of Accounting
These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Principles (Financial Reporting Standard for Smaller Entities)

The principal accounting policies, which have been applied consistently throughout the year, are set out below

Going Concern
The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate as the Company is able to draw upon considerable financial resources - the Company has obtained funding support from both parent companies which can be drawn down over the next two years up to a limit of £400,000

As a consequence the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so for a period of at least 12 months from the date of approval of these financial statements

Furthermore, the Company has reduced its operating costs and secured new sources of business which the Directors believe will result in profitable trading in future periods

Based on this the directors believe that it remains appropriate to prepare the financial statements on a going concern basis

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates

Exemption from preparing a cash flow statement
Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover
Turnover, principally comprising commission income, represents the amounts (excluding value added tax) where applicable derived from products sold and accepted by providers of such products, from the company's principal activity, together with other sundry income and relates to continuing operations in the United Kingdom

Commission turnover is recognised when it becomes due

Goodwill
Goodwill arising on the purchase of assets represents the excess of the fair value of the consideration given, over the fair value of the identifiable net assets acquired

The directors carry out reviews for impairments of goodwill on an annual basis The need for any impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value or value in use The value in use is determined from estimated discounted future cash flows

No impairment to Goodwill arose as a result of the impairment review in the year ended 2011 (2010 £941,477)

continued

1 ACCOUNTING POLICIES - continued

Deferred tax
Deferred tax is provided using the full provision method following the company's adoption of FRS 19 "Deferred Tax" 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Provisions for liabilities and charges
The company has recognised provisions for future costs that it expects to incur as a result of past transactions, actions or commitments that had taken place and been notified at the balance sheet date

2 DIRECTORS' EMOLUMENTS

The directors of the company have been remunerated by other companies who are the controlling parties of Gateway Specialist Advice Services Limited

The services of the directors to the company are considered incidental to their responsibilities elsewhere within each joint venture party's groups and as such, no amounts have been recharged to the company for directors remuneration

3 OPERATING LOSS

The operating loss is stated after charging

	£'000 2011	£'000 2010
Auditors remuneration	8	7
Impairment to Goodwill	-	941
	8	948

4 TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the period ended 31 December 2010

4 TAXATION - continued

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK The difference is explained below

	Year Ended 31/12/11 £'000	Period 16/11/09 to 31/12/10 £'000
Loss on ordinary activities before tax	(293)	(1,361)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20 25% (2010 - 21%)	(59)	(286)
Effects of		
Non-deductible expenditure	-	(6)
Amortisation of intangible asset	-	199
Imputed interest on related party loan	(5)	-
Unrecognised tax losses	64	93
Current tax charge	-	-

The company has cumulative unrecognised tax losses of £156,526 (2010 £92,880) These amounts are not recognised due to uncertainty of the timing of the future profits able to utilise the tax losses

5 INTANGIBLE FIXED ASSETS

GOODWILL	2011 £'000	2010 £'000
COST		
At 1 January 2011 and 16 November 2009	1,059	-
Additions	-	2,000
Impairments	-	(941)
At 31 December	1,059	1,059
NET BOOK VALUE		
As at 31 December	1,059	1,059

In accordance with applicable accounting standards the directors undertake an impairment review of goodwill on an annual basis In 2011 this was carried out using a discounted future cash flow calculation covering a seven year period as suggested by Financial Reported Standard 11 The discount rate used was 7 02% The discount rate used was based on the Bank of England corporate bond yield rate with an additional 5% added for risk The current methodology was consistent with the prior year

No impairment to Goodwill was identified in the period

continued

6 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade debtors	25	10

7 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	64	63
Taxation and social security	7	12
Other creditors	45	40
	116	115

8 CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£'000	£'000
Other creditors	519	201

The amounts falling due outside one year relate to loan arrangements due to Sesame Limited and Partnership Group Holdings Limited

£350,000 of the outstanding balance relates to a loan arrangement with Sesame Limited

Of the £350,000 outstanding, £200,000 relates to a loan made in 2010 with an interest rate of 0 7% which is not repayable on demand nor for a period of at least 12 months

A further loan of £150,000 was made by Sesame Limited to the company during 2011 This loan bears interest at a rate of 7 5% and is not repayable on demand nor for a period of at least 12 months

Interest of £11,000 has accrued on the total loan received from Sesame Limited during 2011 and is included in the closing balance due at 31 December 2011

A loan of £150,000 was made by Partnership Group Holdings Limited to the company during 2011 This loan bears an interest rate of 7 5% and is not repayable on demand nor for a period of at least 12 months

Interest of £8,000 has accrued on this loan during 2011 and is included in the closing balance due at 31 December 2011

Further information relating to amounts owed to group undertakings is detailed in the Related Parties Disclosures in Note 14

continued

9 PROVISIONS FOR LIABILITIES

COMPLAINTS PROVISION

	2011 £000's	2010 £000's
At 1 January	9	-
(Released)/charged to profit and loss account	(1)	9
At 31 December	8	9

In line with other Independent Financial Advisers and in accordance with generally accepted accounting principles, the Company only recognises a provision for the cost of complaints which meet the following criteria

The complaint has been notified at the balance sheet date,

there is a probable expectation of an outflow of economic benefit

Once a complaint is received, the directors' best estimate of the costs associated with the complaint are provided for This provision includes amounts for the anticipated cost of reviewing the notified complaints and offering redress where appropriate In establishing the period end provision, assumptions have been made regarding each of these based on recent actual experience As a result, the actual cost, which includes the administrative cost of handling the complaints, could be significantly different to that for which provision has been made

Once a complaint has been identified, there is a non uniform period of time for investigation and client acceptance This affects the timing and uncertainty of transfer of economic benefit

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2011 £'000	2010 £'000
200	Ordinary Shares	£1	200	200

11 RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2011	(1,361)	2,000	639
Deficit for the year	(293)	-	(293)
At 31 December 2011	(1,654)	2,000	346

continued

12 ULTIMATE PARENT COMPANY

The company is a joint venture between Sesame Limited and Partnership Group Holdings Limited with an equal shareholding Both companies are registered in England and Wales

As an equal shareholding joint venture, there is no ultimate parent company as neither shareholder is able to exert greater influence than the other

13 CONTINGENT LIABILITIES

As an appointed representative of Sesame Limited the Company is ultimately subject to regulatory oversight by Sesame Limited and the Financial Services Authority The Company's compliance with these regulations is subject to a process of ongoing review and appraisal by the Directors, Sesame Limited, and the Financial Services Authority The Company provides for the expected costs arising from complaints received from consumers and anticipated costs relating to specific regulatory reviews However it is recognised that there is considerable uncertainty surrounding both the number of complaints which will be received and the associated costs This is discussed further in note 9 above

14 RELATED PARTY DISCLOSURES

Amounts due to controlling parties	2011	2010
	£'000	£'000
Sesame Limited	361	200
Partnership Group Holdings Limited	158	-
	519	200

During this accounting period Gateway Specialist Advice Services Limited received a further loan of £150,000 from Sesame Limited and a loan of £150,000 from Partnership Group Holdings Limited The remainder of the outstanding balances relates to interest levied on the loans

These loans are considered related party transactions by virtue of both Sesame Limited and Partnership Group Holdings Limited being the controlling parties of the company Details of the conditions of the loan agreements and interest charged thereon are shown in note 8 above