IntegraFin

ANNUAL REPORT
YEAR ENDED
30 SEPTEMBER 2016

CONTENTS

EXECUTIVE DIRECTORS

M Howard
I A Taylor
A Scott
J M Davidson

NON-EXECUTIVE DIRECTORS

N J Holden
J Brettell
S Bazley

COMPANY SECRETARY

D G C Johnson

AUDITOR

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55 Baker Street
London
W1U 7EU

REGISTERED OFFICE

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29 Clement's Lane
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Telephone: +44 20 7608 4900

Registered in England No. 08860879

THE STRATEGIC REPORT

The Directors present their Strategic Report of IntegraFin Holdings Limited ("the Company") for the year ended 30 September 2016.

Overview

The Company acts as a holding company for its subsidiaries ("the Group").

The principal activity of the Group during the year was the provision of "Transact", a wrap service that arranges and executes transactions between clients, their financial advisers and financial product providers including investment managers and stockbrokers.

Transact offers a number of different wrappers to clients. Integrated Financial Arrangements Ltd (IFAL), a wholly owned subsidiary of the Company, is registered with HM Revenue & Customs as an ISA Manager and is the provider of the Transact ISA. It is also the provider of the Transact Self Invested Personal Pension and the Transact General Investment Account.

IFAL wholly owns two long-term insurance businesses, one in the UK, IntegraLife UK Limited (ILUK) and one on the Isle of Man, IntegraLife International Limited (ILInt), which provide insurance based tax wrappers. IFAL acts as the scheme administrator for the Transact Personal Pension scheme, the Transact Executive Pension scheme and the Transact Section 32 Buy-Out Bond.

The strategy of the business continues to be the provision of a range of wrappers and access to products to advisers and clients. The Company will widen that range in line with changes in the UK tax environment without compromising its renowned and market-leading customer service levels, and maintaining the Company's profitability.

Group structure changes

IntegraFin Services Limited (ISL), a Group services company wholly owned by the Company, became operational on 1 October 2015. All staff and intra-group service contracts have been transferred from IFAL to the services company.

Integrated Application Development Pty Ltd (IAD), the supplier of software services to the Group, was acquired by the Company during the year.

The Isle of Man Financial Services Authority (the Authority) came into force as the single financial services regulator in the Isle of Man on 1 November 2015, following the transfer of functions to the Authority from the previous regulatory bodies, the Insurance and Pensions Authority and the Financial Supervision Commission.

Business review and financial results

Gross inflows averaged £298 million per month in 2016 (2015: £281 million), and funds under direction increased from £19.1 billion to £24.6 billion at 30 September 2016. As at 30 September 2016, the number of registered advisers with funds on the platform was 6,000, and the number of clients grew from 125,000 to 134,000.

Total gross inflows in 2016 were the highest inflows since inception and this growth, coupled with strong markets in the last quarter of the financial year, led to funds under direction increasing by 29% year on year.

As required by IFPRU 9.1.3, IHL's consolidated net return on assets, calculated as net profit divided by total balance sheet, is 24% in 2016 (2015: 22%).

During the year the Company paid dividends totalling £9.0m (2015: £7.8m).

The Group recorded a consolidated before tax profit of £38.3 million (2015: £20.2 million restated under IFRS) and £20.8 million after tax (2015: £16.3 million restated under IFRS) for the year. At the end of the year consolidated shareholders' funds stood at £86.2 million (2015: £75.0 million).

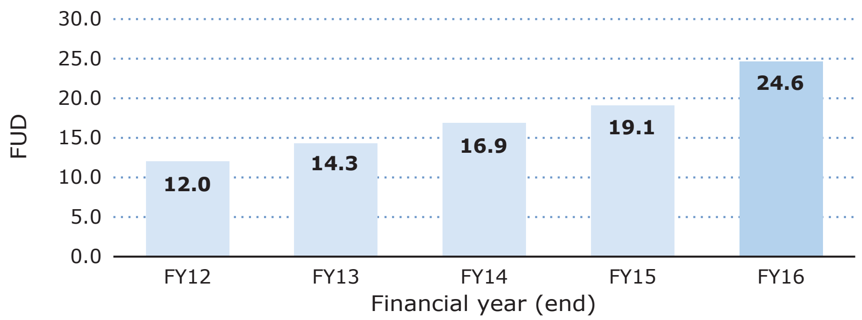
Key performance indicators

The Board of Directors of the Company (the Board) has set key performance indicators which it uses to measure performance. A summary of the key performance indicators, illustrating the five year trends, is shown in the charts below:

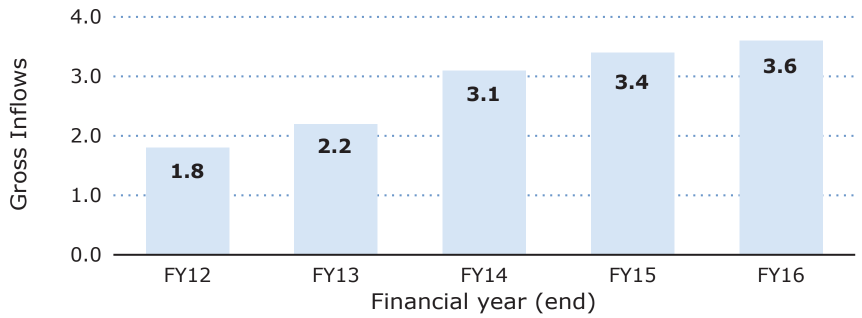
Funds under direction

Funds under direction (FUD) have steadily grown over the last five years. Strong market growth, especially in the quarter to September 2016, has helped drive this increase.

TOTAL FUD (£bn)



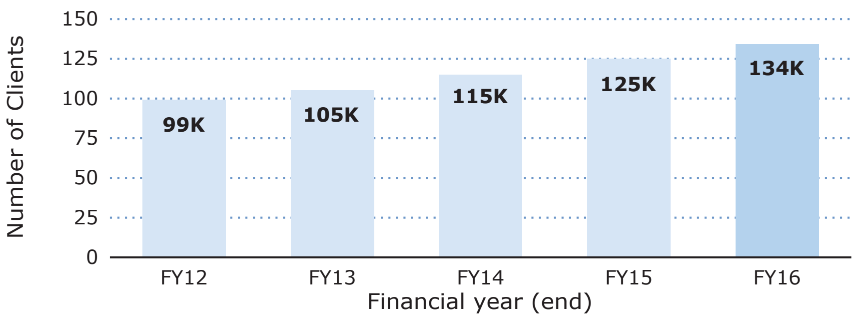
GROSS INFLOWS (£bn)



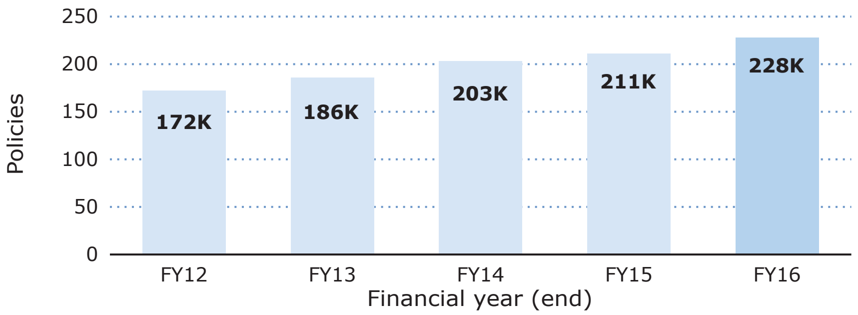
Clients and wrappers

The total number of clients continues to grow, with the number of wrappers open at the end of each year also showing steady development over time. Average growth in client numbers of over 7% per annum has been achieved.

TOTAL NUMBER OF CLIENTS (K)



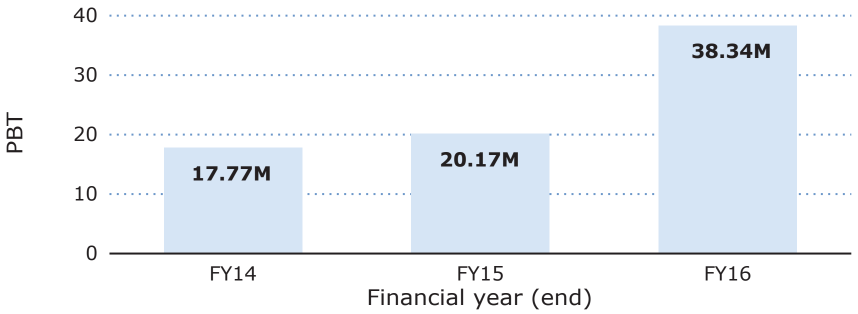
IHL - TOTAL NUMBER OF WRAPPER / POLICIES IN FORCE AT END OF YEAR (K)



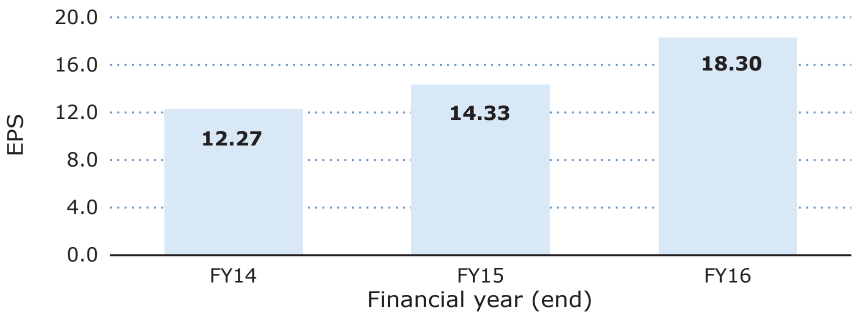
Earnings

Earnings continue to show stable growth demonstrating the continuing strength of the business. Whilst there has been minimal impact on profit from converting to IFRS from UK GAAP the changes to the consolidation of the insurance companies has resulted in an exceptional increase in 2016. Earnings per share, based on an average of 1,137,278 shares in issue in 2016 (2015: 1,137,278, 2014: 1,139,550) have grown each year, demonstrating increased value for shareholders.

IHL – PROFIT BEFORE TAX (£M)



IHL - EARNINGS PER SHARE (£)



RISK AND RISK MANAGEMENT

Overview

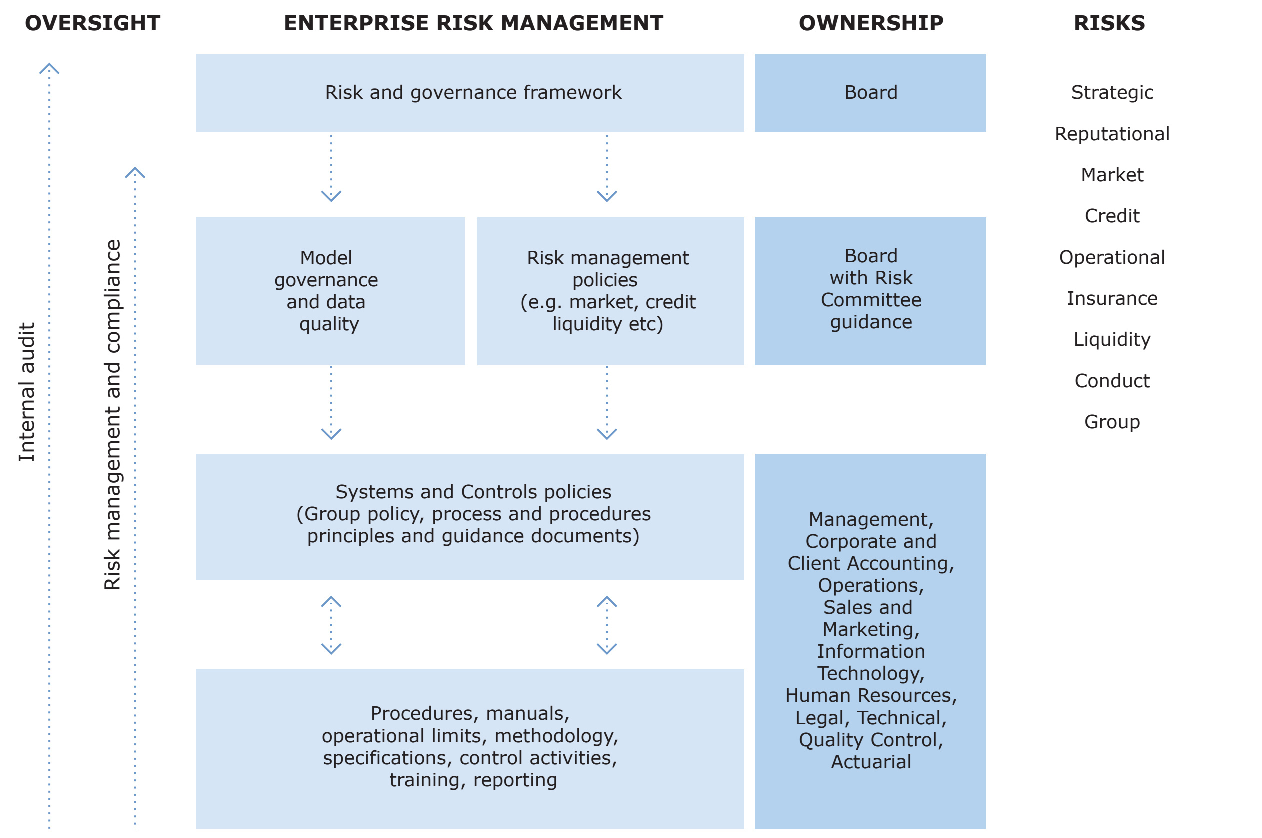
Risk management assists the Board in understanding its current and future risks, and provides risk appropriate management information that is incorporated into its strategic decision making and business planning process. Risk management activities encompass all financial, strategic and operational risks that may prevent the Company from fulfilling its business objectives.

The Company has a prudent capital management approach and currently invests surplus shareholder assets in high quality, highly liquid, short-dated investments.

How risks are managed

The Board, through its Group Risk Committee, is responsible for and provides oversight of the Company's Risk Management Framework. The Company has established its framework using and adapting the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Framework Principles, providing a consistent approach to identification, assessment, mitigation and reporting of risks throughout the Company and the wider Group.

The Risk Management Framework is shown below:



Risk appetite

The Group has generally adopted a conservative approach which is reflected in its risk appetite values and in the overall approach to risk management. The actual risk exposures of the Group's regulated subsidiaries are regularly assessed against risk appetite using a comprehensive set of indicators and reported to the Group Risk Committee. Risk assessments are addressed within this body and reported to the Boards, to ensure the companies remains within their agreed risk appetites as defined by the Boards.

Risk governance

The Risk Management Framework defines risk governance as the combination of processes and structures implemented by the Board in order to inform, direct, manage and monitor the activities of the Group towards the achievement of its objectives for the benefit of its key stakeholders.

The Group Risk Committee is made up of independent non-executive directors and is responsible for reviewing the manner in which the Group and its subsidiary companies implement, and monitor the adequacy of, the Risk Management framework. The Group Risk Committee assists in fostering a culture that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk-based approach to management of the Group.

The Group implements a comprehensive bottom-up approach to managing risks through regular monitoring and reporting. Risk Management reports to the Risk Committee, on at least a quarterly basis, information and analysis on the key risks the organisation faces (including forward looking risks), capital requirements and comparison against risk appetite.

For risk management to be effective it is important that the roles and responsibilities of all those involved are clearly defined. The Group's approach is represented by the 'three lines of defence' model.

The first line of defence is represented by those individuals, including the management team, directly involved in business operations. It is responsible for the daily risk management of the business at the operational level, in accordance with the risk policies, appetites and controls that have been approved by the Board.

The second line of defence is provided by the risk oversight functions, i.e. Risk Management and Compliance. These functions are responsible for establishing risk policies, risk processes and controls as well as the monitoring and reporting of risks and controls.

The third line of defence is the responsibility of the internal and external auditors. These parties provide independent assurance to the Board that the risk management process is effective and challenged.

This internal control system provides reasonable assurance to the Board on the achievement of the strategic and operational objectives of the Group.

Solvency II

During 2015/16 ILUK fully embedded the requirements of the new Solvency II regime which came into force on 1 January 2016. The new regulations bring in detailed requirements covering risk and risk management, including stress and scenario testing, as well as new valuation and reporting requirements. However, this has not fundamentally changed ILUK's business or risk profile and ILUK continues to safely manage its solvency position through the economic cycle.

ILUK has adopted the Standard Formula approach in calculating the Solvency Capital Requirement (SCR), and none of the Transitional Provisions in the calculation of the Solvency II balance sheet or SCR.

Viability statement

The Directors have assessed the Group's prospects by reference to the three-year planning period to September 2019 and have reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the period of this assessment.

This is based on the Group's business plan which is produced on an annual basis covering a three year period. The assessment covers projected performance of all of the Group at solo entity level and on a consolidated basis. The Group's regulated subsidiaries are assessed with regards to profitability, solvency and liquidity, including under stress and scenario tests. Assessments of the economic, regulatory and competitive environments are also included, as well as the current and potential future impact of the principal risks faced by the Group benchmarked against its risk appetite.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company relate to the upstream of capital, predominantly from its regulated subsidiary IFAL, in order to support its dividend paying capacity to its shareholders. The key drivers of this upstream of capital will be the underlying financial performance and solvency position of IFAL and are provided in the relevant supplementary accounts.

In summary, due to the nature of the business written by IFAL and its subsidiaries, profitability arises primarily from charges on the assets held in the portfolios less the expenses of administering those portfolios. Thus, the predominant risk types are outflow risk, expense risk, market risk and operational risk.

The Group seeks to limit its exposure to any other insurance and financial risks.

The following tables (split between financial and non-financial) describe the key risks of the Group with a summary description of how we manage and mitigate the risks:

FINANCIAL RISKS

KEY RISK DESCRIPTION	MANAGEMENT AND CONTROLS
Outflow risk – loss of future profits due to more customers than expected terminating policies or more outflows (e.g. withdrawals or transfers) than expected.	Outflow risk is mitigated by focussing on providing exceptionally high levels of service. Outflow rates are closely monitored and unexpected experience is investigated. Despite the current challenging and uncertain economic and geopolitical environment, outflow rates remain low and stable.
Expense risk – administration costs exceed expense allowance.	Expense risk is mitigated through regular stress testing, monitoring of expenditure and closely managing expenses in line with the business plan.
Market risk - the impact changes in interest rates, credit spreads, currency exchange rates, inflation, equity and property market values may have on the value of customers' portfolios, resulting in a reduction in future charges or an increase in future expenses.	The Group only suffers a second order impact from market movements as future charges are predominantly determined based on customers' portfolio values. The Group does not offer any guarantees on portfolio values. The Group currently invests its shareholder assets in high quality, highly liquid, short-dated investments. Expense inflation risk is mitigated through regular stress testing, monitoring of expenditure and closely managing expenses in line with the business plan.
Credit risk – this is the risk of loss due to defaults from holdings of cash and cash equivalents, deposits, formal loans and reinsurance treaties with banks and financial institutions.	The Group currently invests its shareholder assets in high quality, highly liquid, short-dated investments. Maximum counterparty limits are set for banks and minimum credit quality steps are also set.
Liquidity risk – this is the risk of the Company not having available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.	There are robust controls in place to mitigate liquidity risk, for example, holding corporate cash across a range of banks, in order to mitigate the risk of a single point of counterparty default failure.

NON-FINANCIAL RISKS

KEY RISK DESCRIPTION	MANAGEMENT AND MITIGATION
Regulatory risk – the risk of new regulatory requirements having adverse impacts on the business model, or failing to comply with existing or new regulations resulting in a fine or regulatory censure.	The compliance risk is mitigated through regular monitoring of regulatory developments and maintaining open and transparent dialogue with the regulators.
Operational risk – the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.	The Group aims to minimise operational risk at all times through a strong and well-resourced control and operational structure. This is supported by the strong corporate governance structure that is embedded in the Group as a whole.
Competition risk – the risk of competitor activity resulting in loss of new business, increased outflows of existing business or pressure on profit margins.	Competitor risk is mitigated by focusing on providing exceptionally high levels of service and being responsive to customer and financial adviser demands through an efficient expense base.
Geopolitical risk – the risk of changes in the political landscape disrupting the operations of the business or resulting in significant development costs.	Geopolitical risk cannot be directly mitigated by the Group, but through close monitoring of developments through its risk horizon scanning process, potential impacts are taken into consideration as part of the business planning process.

By Order of the Board

David Johnson
Company Secretary

Registered Office
29 Clement's Lane
London
EC4N 7AE

14 December 2016

THE DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 30 September 2016.

The review of the business and principal risks and uncertainties are disclosed within the Strategic report.

DIRECTORS

The Directors who served during the year were as follows:

M Howard

I A Taylor

A Scott

J M Davidson

P W A Westerman
(resigned 11 January 2016)

N J Holden

J Brettell

S Bazley

According to the Register of Directors' Interests in the Company, no rights to subscribe for shares or share options were granted or exercised by any of the Directors or their immediate families during the financial year.

INDEMNITY PROVISION

Directors and officers insurance is in place to indemnify the Directors against liabilities arising from the discharge of their duties as Directors of the Company.

EMPLOYEE INFORMATION

The Company has no employees (2015: nil), but the Group has 447 employees (2015: 362). The Group continues to promote a culture whereby employees are encouraged to develop and contribute to the overall aims of the business.

POLICY ON DISABLED EMPLOYEES

The Group's policy regarding employment, training, career development and promotion of disabled employees, and employees who become disabled whilst in employment, is to make reasonable adjustments as required.

POLITICAL DONATIONS

No political contributions were made during the year (2015: £nil).

AUDITORS

BDO LLP have indicated their willingness to continue in office. A resolution to reappoint BDO LLP as auditors for the ensuing year will be proposed at the next AGM.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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 auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

By Order of the Board

David Johnson
Company Secretary

Registered Office
29 Clement's Lane
London
EC4N 7AE

14 December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view.

The Directors are also responsible for preparing the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). These are the Group's first financial statements prepared in accordance with IFRSs, and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and Group, and of the profit or loss of the Group for that year.

In preparing those financial statements, the Directors are required to:

a) select suitable accounting policies and then apply them consistently;

b) make judgements and estimates that are reasonable and prudent;

c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that show and explain the Group's transactions, 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The current Directors, at the date of approval of this report, confirm that they have taken all of the steps that they ought to have taken as Directors to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRAFIN HOLDINGS LIMITED

We have audited the financial statements of IntegraFin Holdings Limited for the year ended 30 September 2016 which comprise the primary statements such as the consolidated and Company Statement of Profit or Loss and other Comprehensive Income, the consolidated and Company Statement of Financial Position, the consolidated Statement of Cash Flows, the consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 AUDITORS

As explained more fully in the statement of Directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at: www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 30 September 2016 and of the Group's and the Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Neil Fung-On
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London
United Kingdom
22 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS
Year ended
30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2016

	Note	2016 £'000	2015 £'000
Revenue	**5&6**	93,770	68,244
Cost of sales		(488)	(504)
Gross profit		93,282	67,740
Other operating income		-	-
Administrative expenses		(55,392)	(47,857)
Operating profit		37,890	19,883
Interest income	**8**	451	284
Profit on ordinary activities before taxation		38,341	20,167
Tax on profit on ordinary activities	**9**	(5,296)	(4,063)
Policyholder tax		(12,229)	197
Profit for the financial year		20,816	16,301

All activities of the Group are classed as continuing.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2016

	Note	2016 £'000	2015 £'000
Revenue		-	-
Cost of sales		(-)	(-)
Gross profit		-	-
Administrative expenses		(1,010)	(483)
Operating profit		(1,010)	(483)
Dividend income		39,649	8,070
Interest income	**8**	2	-
Profit on ordinary activities before taxation		38,641	7,587
Tax on profit on ordinary activities	**9**	(78)	78
Profit for the financial year		38,563	7,665

All activities of the Company are classed as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	30 September 2016 £'000	30 September 2015 £'000	1 October 2014 £'000
Non-current assets				
Long-term investments	**12**	-	392	750
Intangible assets	**10**	13,006	1,400	3,187
Property, plant and equipment	**11**	2,072	1,403	1,793
Other receivables		-	-	809
Deferred acquisition costs	**13**	31,792	29,736	28,096
Deferred tax assets		-	78	-
Investments and cash held for the benefit of policyholders	**14**	11,316,471	8,441,189	7,524,053
		11,363,341	8,474,198	7,558,688
Current assets				
Investments	**15**	8,976	6,945	5,004
Other prepayments and accrued income	**16**	9,842	8,311	1,599
Trade and other receivables	**17**	13,012	7,462	12,422
Current tax assets		199	-	-
Cash and cash equivalents		90,571	88,186	76,192
		122,600	110,904	95,217
Current Liabilities				
Trade and other payables	**18**	14,289	16,037	15,016
Current tax liabilities		1,685	1,094	1,299
		15,974	17,131	16,315
Non-current liabilities				
Provisions for liabilities	**22**	26,965	20,802	16,009
Deferred income liability	**19**	31,792	29,736	28,096
Liabilities for linked investment contracts	**14**	11,316,471	8,441,189	7,524,053
Deferred tax liabilities	**20**	8,495	1,279	3,012
		11,383,723	8,493,006	7,571,170
Net assets		**86,244**	**74,965**	**66,420**
Capital and reserves				
Called up equity share capital	**23**	57	57	57
Share premium account	**24**	5,722	5,722	5,722
Capital redemption reserve	**25**	2	2	2
Share-based payment reserve	**26**	308	308	308
Other reserves	**27**	32	-	-
Non-distributable reserves		501	501	501
Profit or loss account		79,622	68,375	59,830
Total equity		**86,244**	**74,965**	**66,420**

These financial statements were approved by the Board of Directors on 14 December 2016 and are signed on their behalf by:

Ian Taylor
Director
Company Registration Number: 08860879

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	30 September 2016 £'000	30 September 2015 £'000	1 October 2014 £'000
Non-current assets				
Long-term investments	**12**	14,213	449	807
Deferred tax asset	**20**	-	78	-
		14,213	527	807
Current assets				
Other receivables	**17**	9	-	-
Cash and cash equivalents		16,422	221	50
		16,431	221	50
Current liabilities				
Trade and other payables	**18**	388	77	10
		388	77	10
Net assets		**30,256**	671	847
Capital and reserves				
Called up equity share capital	**23**	57	57	57
Profit or loss account		30,199	614	790
Total equity		**30,256**	**671**	**847**

These financial statements were approved by the Board of Directors on 14 December 2016 and are signed on their behalf by:

I Taylor
Director
Company Registration Number: 08860879

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
Profit before tax	38,341	20,167
Adjustments for:		
Amortisation and depreciation	2,216	2,365
Interest	(451)	(284)
Decrease/(increase) in receivables	(7,203)	(1,020)
(Decrease)/increase in payables	5,578	(630)
Decrease/(increase) in current asset investments	(2,031)	(1,941)
Decrease/(increase) in long term investments	392	358
Decrease/(increase) in provisions	6,163	4,793
Cash generated from operations	**43,005**	**23,808**
Income taxes paid	(16,932)	(4,071)
Net cash flows from operating activities	**26,073**	**19,737**
Investing activities		
(Acquisition)/disposal of tangible assets	(1,014)	(189)
(Acquisition)/disposal of subsidiary	(13,505)	-
Interest received	451	284
Net cash from/(used in) investing activities	**(14,068)**	**95**
Financing activities		
Equity dividends paid	(9,652)	(7,838)
Net cash used in financing activities	**(9,652)**	**(7,838)**
Net increase/(decrease) in cash and cash equivalents	**2,353**	**11,994**
Cash and cash equivalents at beginning of year	**88,186**	**76,192**
Exchange gains/(losses) on cash and cash equivalents	32	-
Cash and cash equivalents at end of year	**90,571**	**88,186**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Share capital £'000	Share premium £'000	Other reserve £'000	Share based payment reserve £'000	Non-distrib-utable reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 Oct 2014	57	5,722	2	308	501	59,831	66,421
Profit for the year	-	-	-	-	-	16,301	16,301
Dividends paid	-	-	-	-	-	(7,838)	(7,838)
ILInt transfer from non-linked fund	-	-	-	-	-	65	65
Other movement	-	-	-	-	-	17	17
Balance at 1 October 2015	**57**	**5,722**	**2**	**308**	**501**	**68,376**	**74,966**
Profit for the year	-	-	-	-	-	20,816	20,816
Other comprehensive income	-	-	32	-	-	-	32
Dividends paid	-	-	-	-	-	(9,652)	(9,652)
Other movement	-	-	-	-	-	82	82
Balance at 30 September 2016	**57**	**5,722**	**34**	**308**	**501**	**79,622**	**86,244**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2016

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 Oct 2014	57	-	-	-	790	847
Profit for the year	-	-	-	-	7,665	7,665
Dividends paid	-	-	-	-	(7,841)	(7,841)
Balance at 1 October 2015	57	-	-	-	614	671
Profit for the year	-	-	-	-	38,563	38,563
Dividends paid	-	-	-	-	(8,978)	(8,978)
Balance at 30 September 2016	**57**	-	-	-	30,199	30,256

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2016

1. Basis of preparation and significant accounting policies

a) Basis of preparation and adoption of IFRS

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position as at the transition date of 1 October 2014 for the purposes of the transition to IFRSs, unless otherwise stated.

The financial statements comply with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, have been prepared in sterling and are rounded to the nearest thousand.

The preparation of the financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

These are the Company's first financial statements prepared in accordance with IFRSs, and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 34.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. Acquisitions are accounted for under the acquisition method. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

The financial statements of all of the wholly owned subsidiary companies are incorporated into the consolidated financial statements. Two of these subsidiaries, IntegraLife International Limited (ILInt) and IntegraLife UK Limited (ILUK) issue contracts with the legal form of insurance contracts, but which do not transfer significant insurance risk from the policyholder to the Company, and which are therefore accounted for as investment contracts. In accordance with IAS 39, the contracts concerned are therefore reflected in the consolidated statement of financial position as investments held for the benefit of policyholders, and a corresponding liability to policyholders.

b) Future standards, amendments to standards, and interpretations not early-adopted in the 2015 annual financial statements.

At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the Group, have been issued by the International Accounting Standards Board.

IFRS 9 'Financial Instruments

The IASB has issued components of IFRS 9 Financial Instruments, which is the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement' in its entirety. The project has three main phases:

- Phase I: Classification and measurement of financial instruments;
- Phase II: Amortised cost and impairment of financial assets; and
- Phase III: Hedge Accounting

IFRS 9, as currently issued, includes requirements for the classification and measurement of financial assets and liabilities, liabilities derecognition requirements and additional disclosure requirements. The main changes from IAS 39 include the following:

- Financial assets are to be classified and measured based on the business model for managing the financial and the cash flow characteristics of the financial asset, either at fair value or amortised cost.
- A financial asset or liability that would otherwise be at amortised cost may only be designated as at fair value through profit or loss if such a designation reduces an accounting mismatch.
- For financial liabilities designated as at fair value through profit or loss a further requirement is that all changes in the fair value of financial liabilities attributable to credit risk be transferred to 'Other Comprehensive Income' with no recycling through profit or loss on disposal.

This standard is effective for accounting periods beginning on or after 1 January 2018; it is yet to be endorsed by the EU. It is not possible to determine the full potential financial impact at this stage, but adoption of the standard is not expected to have a significant impact on the Group.

IFRS 15 Revenue from Contracts with Customers

The standard provides a comprehensive new model for revenue recognition. The Group would be required to disclose information about its contracts with customers, disaggregating information about recognised revenue and information about its performance obligations at the end of the reporting period.

This standard is effective for accounting periods beginning on or after 1 January 2018; it is yet to be endorsed by the EU. The impact of the new standard will be further assessed in more detail, but adoption of the standard is not expected to have a significant impact on the Group.

IFRS 16 Leases

The new standard brings most leases on-balance sheet for lessees under a single lessee accounting model, eliminating the distinction between operating and finance leases.

This standard is effective for accounting periods beginning on or after 1 January 2019; it is yet to be endorsed by the EU. Management is still determining the impact of this standard, and it is dependent on the EU endorsing the standard.

c) Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Group's business that typically require such estimates are the determination of the fair value for financial assets, impairment charges, deferred acquisition costs, deferred fee income and deferred taxes. Each of these is discussed in more detail in the relevant accounting policies and notes to the financial statements.

d) Principal accounting policies

Revenue recognition

Revenue represents the fair value of services supplied by the Group, net of value-added tax. The main revenue streams comprise: charges levied on the acquisition of assets, due when transactions complete; annual commission levied on the value of assets and cash held on the platform, due at the end of each month; and an annual wrapper charge levied on certain wrapper types, due at the end of each quarter. Charges are levied on Portfolios as stated in the Transact Terms and Conditions. Revenue is recognised as follows:

Fee income

Fees charged for managing investment contracts comprise fees taken both on inception and throughout the life of the contract. All fee income is recognised as revenue in line with the provision of the investment management services.

Deferred acquisition costs and deferred income liabilities

Incremental costs directly attributable to securing investment contracts are deferred. These costs consist of fees paid to policyholder financial advisers. The costs are capitalised as deferred acquisition costs and are amortised as an expense over the Directors' best estimate of the life of the contract which is deemed to be ten years, as the services are provided. Equal service provision is assumed over the lifetime of the contract and, as such, the deferred costs are amortised on a linear basis over the expected life of the contract, adjusted for expected persistency.

A corresponding deferred income liability is recognised in respect of charges taken from customers of the Company at the contracts' inception to meet obligations to financial advisers. Deferred income liabilities are also amortised over the Director's best estimate of the life of the contract, which is again deemed to be ten years.

Investment income

Interest on cash and coupon on shareholder gilts are the two sources of investment income received. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

Investments

Fixed asset investments in subsidiaries are stated at cost less any provision for impairment.

Other investments comprise UK Government fixed interest securities backing insurance contracts or held as shareholder investments. All investments are classified as 'fair value through profit or loss at initial recognition' and are stated at quoted bid prices which equates to fair value, with any resultant gain or loss recognised in profit or loss. Purchases and sales of securities are recognised on the trade date.

Investment contracts – investments and cash held for the benefit of policyholders

Investment contracts are comprised of unit-linked contracts in ILInt and ILUK. Investment contracts result in financial liabilities whose fair value is dependent on the fair value of underlying financial assets. They are designated at inception as financial liabilities at 'fair value through profit or loss'.

Valuation techniques are used to establish the fair value at inception and each reporting date. The Company's main valuation techniques incorporate all factors that market participants would consider and are based on observable market data. The financial liability is measured both initially and subsequently at fair value. The fair value of a unit-linked financial liability is determined using the fair value of the financial assets contained within the funds linked to the financial liability.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Intangible non-current assets

Intangible fixed assets are stated at cost less accumulated amortisation and comprise intellectual property software rights. Intellectual property rights are amortised over seven years on a straight line basis as it is considered that the code is replaced every seven years, and therefore has a finite useful life.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Short Leasehold Land and Buildings	Over 10 years
Fixtures & Fittings	Over 10 years
Equipment	Over 3-5 years

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset).

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Goodwill is tested for impairment annually, and once an impairment is recognised this cannot be reversed.

Pensions

The Group makes defined contributions to the personal pension schemes of its employees. These are chargeable to profit or loss in the year in which they become payable.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year end closing rate. Non-monetary assets denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date when the fair value was determined. Foreign exchange rate differences that arise are reported net in profit or loss as foreign exchange gains/losses.

Taxation

The taxation charge is based on the taxable result for the year. The taxable result for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of corporation tax payable.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets/liabilities are recovered/settled.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the Company.

For the year ended 30 September 2016, the business of ILUK and ILInt was the direct insurance of investment linked pensions business, written by single premium in the United Kingdom, single premium life assurance linked bonds and linked qualifying investment plans written in the United Kingdom. Such contracts are treated as investment contracts because they do not carry significant insurance risk.

ILInt and ILUK policyholder assets and liabilities

Investments held for the benefit of policyholders are stated at fair value and reported on a separate line in the statement of financial position. The assets are classified using the 'fair value through profit or loss' option with any resultant gain or loss recognised through the income statement. Investments held for the benefit of policyholders also includes cash and cash equivalents held within policyholders' portfolios of assets.

Investment inflows received from policyholders are invested in funds selected by the policyholders. The resulting liabilities for linked investment contracts are accounted for under the 'fair value through profit or loss' option, in line with the corresponding assets as permitted by IAS 39

As all investments held for the benefit of policyholders are matched entirely by corresponding linked liabilities, any gain or loss on assets recognised through the income statement are offset entirely by the gains and losses on linked liabilities. The net impact on profit is therefore £nil.

Client assets and client monies

IFAL client assets and client monies are not recognised in the parent and consolidated statements of financial position (see Note 21) as they are owned by the clients of IFAL.

Operating lease agreements

Rental costs under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. Where an incentive to sign the lease has been taken, the incentive is spread on a straight line basis over the lease term. Details of the operating lease commitments are set out in Note 28.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, money market OEIC funds and other short-term deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognised initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within "administrative expenses" in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realised or paid beyond twelve months of the balance sheet date, which are classified as long-term.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's available-for sale assets comprise investments in debt and equity securities.

Available-for-sale investments are recognised initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognised in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income and are included in "administrative expenses". Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Interest on available-for-sale debt instruments, calculated using the effective interest method, is recognised in the statement of income as part of interest income.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise accrued fees, trade and other receivables and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method less any provisions for impairment.

(iv) Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise trade and other payables. These are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. They are classified as current liabilities due to their short-term nature.

Provisions for liabilities

Provisions are recognised when the Company has an obligation, legal or constructive, as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are estimated at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present values where the effect is material.

Trade and other payables

Other payables are short-term, not interest-bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions about the future that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Impairment of accrued fees pending

The Group has recognised an impairment of £181,460 (2015: £117,474) for accrued fees owed by customers. This comprises accrued fees that have not been received after three months, and also all fees due on portfolios that comprise only limited liquidity assets. Management believes, based on past experience, that these fees are unlikely to be received, and an impairment has therefore been recorded in the statement of profit or loss.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired. A financial asset is only impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated.

The criteria used to determine objective evidence of an impairment loss include:

(i) significant financial difficulty of the obligor;
(ii) delinquencies in interest or principal payments; and
(iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If such evidence exists, the Company recognises an impairment loss, as follows:

(i) Financial assets carried at amortised cost: The loss is the difference between the amortised cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount and the amount of the loss is recognised in the profit or loss for the period.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognised in the statement of income. This amount represents the loss in accumulated other comprehensive income that is reclassified to net income.

Impairment losses on financial assets carried at amortised cost and available-for-sale debt instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. Impairment losses on available-for-sale equity instruments are not reversed.

3. Financial instruments

(i) Principal financial instruments

The principal financial instruments, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Accrued fees
- Cash and cash equivalents
- Investments in quoted debt instruments
- Listed shares and securities
- Trade and other payables

(ii) Financial instruments by category

As explained in Note 1, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognised in the statement of income or other comprehensive income. The following tables show the carrying values of assets and liabilities for each of these categories.

Financial assets:

	Fair value through profit or loss		Loans and receivables		Available for sale	
	30 Sep 2016 £'000	30 Sep 2015 £'000	30 Sep 2016 £'000	30 Sep 2015 £'000	30 Sep 2016 £'000	30 Sep 2015 £'000
Cash and cash equivalents	-	-	90,571	88,186	-	-
Listed shares and securities	51	63	-	-	-	-
Investments in quoted debt instruments	8,925	6,882	-	-	-	-
Investments in unquoted equity instruments with no active market	-	-	-	-	-	392
Accrued income	-	-	6,806	5,919	-	-
Trade and other receivables	-	-	13,013	7,462	-	-
Investments and cash held for the policyholders	11,316,471	8,441,188	-	-	-	-
Deferred acquisition costs	-	-	31,792	29,736	-	-
Current tax asset	-	-	199	-	-	-
Deferred tax asset	-	-	-	78	-	-
Total financial assets	**11,325,447**	**8,448,133**	**142,381**	**131,381**	**-**	**392**

Financial liabilities:

	Fair value through profit or loss		Amortised cost	
	30 Sep 2016 £'000	30 Sep 2015 £'000	30 Sep 2016 £'000	30 Sep 2015 £'000
Trade and other payables	-	-	5,800	9,329
PAYE and other taxation	-	-	1,621	487
Corporation tax	-	-	1,685	1,094
Accruals	-	-	6,867	6,222
Deferred income liability	-	-	31,792	29,736
Liabilities for linked investments contracts	11,316,471	8,441,189	-	-
Deferred tax liabilities	-	-	8,495	1,279
Total financial liabilities	**11,316,471**	**8,441,189**	**56,260**	**48,147**

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, accrued fees, trade and other receivables, and trade and other payables. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

(iv) Financial instruments measured at fair value – fair value hierarchy

The table below classifies financial assets that are recognised on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels of hierarchy are disclosed in Note 1.

Investments held for the benefit of policyholders are stated at fair value and reported on a separate line in the statement of financial position. The assets are classified using the 'fair value through profit or loss' option with any resultant gain or loss recognised through the income statement.

Assets held at fair value also comprises investments held in gilts, and these are held at fair value through profit and loss.

The following table shows the Group's financial assets and liabilities measured at fair value and split into the three levels described below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 September 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets designated at fair value through the income statements				
- Investments and securities	306,461	65,480	1,885	373,827
- Bonds and other fixed-income securities	822,930	12,743	1,606	837,279
- Holdings in collective investment schemes	8,069,840	2,042,262	2,235	10,114,337
Total	**9,199,231**	**2,120,485**	**5,726**	**11,325,443**

At 30 September 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets designated at fair value through the income statements				
- Investments and securities	250,858	49,051	710	300,619
- Bonds and other fixed-income securities	620,238	12,383	1,556	634,176
- Holdings in collective investment schemes	6,256,225	1,254,417	2,694	7,513,336
Total	**7,127,321**	**1,315,850**	**4,960**	**8,448,131**

Level 1 valuation methodology

Financial assets included in Level 1 are measured at fair value using quoted mid prices that are available at the reporting date and are traded in active markets. These financial assets are mainly collective investment schemes and listed equity instruments.

Level 2 and Level 3 valuation methodology

The Group regularly reviews whether a market is active, based on available market data and the specific circumstances of each market. Where the Group assesses that a market is not active, then it applies one or more valuation methodologies to the specific financial asset. These valuation methodologies use quoted market prices where available, and may in certain circumstances require the Group to exercise judgement to determine fair value.

Financial assets included in Level 2 are measured at fair value using observable mid prices traded in markets that have been assessed as not active enough to be included in Level 1.

Otherwise, financial assets are included in Level 3. These are assets where one or more inputs to the valuation methodology are not based on observable market data.

Level 3 sensitivity to changes in unobservable measurements

For financial assets assessed as Level 3, it is believed that any change to the unobservable inputs used to measure fair value would not result in a significantly higher or lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

Changes to valuation methodology

There have been no changes in valuation methodology during the year under review.

Transfers between Levels

The Group's policy is to assess each financial asset it holds at the current financial year-end, based on the last known price and market information, and assign it to a Level.

Transfers from Level 1 to Level 2 are made where the Group determines that the market is now not active enough to be Level 1, or the Group is not able to get a quoted price on the reporting date.

Transfers from Level 2 or 3 to Level 1 are made where the Group determines that the market is now active enough to be Level 1, and the Group is also able to get a quoted price on the reporting date.

Transfers from Level 1 or 2 to Level 3 are made where the Group determines that one or more of the inputs to the valuation methodology is now unobservable.

Transfers from Level 3 to Level 2 are made where the Group determines that all of the inputs to the valuation methodology are now observable.

Transfers between Levels between 30 September 2015 and 30 September 2016 are presented in the table below at their valuation at 30 September 2016:

Transfers from	Transfers to	£'000s
Level 1	Level 2	1,910
Level 1	Level 3	199
Level 2	Level 1	39,237
Level 2	Level 3	10
Level 3	Level 1	-
Level 3	Level 2	1,237

The reconciliation between opening and closing balances of Level 3 assets are presented in the table below (all balances are in £'000s):

	£'000s
Balance at 30 September 2015	**4,960**
Unrealised gains or losses in the year ended 30 September 2016	1,003
Transfers in to Level 3 at 30 September 2016 valuation	209
Transfers out of Level 3 at 30 September 2015 valuation	(259)
Purchases, sales, issues and settlement	(187)
Balance at 30 September 2016	**5,726**

Realised and unrealised gains or losses for the period are recognised in "administrative expenses" in the Statement of Comprehensive Income.

4. Risk and risk management

This note supplements the details provided in the Risk and risk management section of this report on pages 5 to 9.

Risk assessment

Risk assessment is the determination of quantitative and/or qualitative values of risk related to a concrete situation and a recognised threat. Quantitative risk assessment requires calculations of two components of risk, the magnitude of the potential impact, and the likelihood that the risk materialises. There are also qualitative aspects that are more difficult to express quantitatively, but are still taken into account in order to fully evaluate the impact of the risk on the organisation.

Risk culture

Risk culture is defined by the following statements:

- The Company has adopted a risk culture that has risk management informing into its strategic decision making and business planning process.
- The Company pro-actively seeks to identify risks through its risk horizon scanning process.
- The Group Risk Committee assists the Board in fostering a culture within the Company that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Company.
- The Company manages its risks within a robust and embedded risk culture. This is achieved by:
  - Continuous risk management training and communication at all levels;
  - Close relationship and coaching from the Risk Management function to all areas of the business; and
  - Risk management objectives are incorporated in the job descriptions and roles and responsibilities.
- The Company believes training is essential to integrate the risk management culture into the business.

Risk preferences

The Company's risk preferences are articulated as follows:

- The Company ensures risks that are taken are aligned with our strategic aims and provide an acceptable level of return.
- The Company accepts certain business risks (e.g. outflow, market, expense, operational and new business) and ensures these are appropriately managed and mitigated if required.
- The Company has a preference for products with low capital requirements and without financial guarantees. Additionally, the Company has a preference for secondary market risk through charges determined based on customers' portfolio values. This is central to the Company's proposition and we accept the potential impact on financial performance.
- The Company does not actively seek to take operational risk to generate returns. It accepts a level of operational risk that means the controls in place should prevent material losses, but should not excessively restrict business activities.
- The Company has zero risk appetite for unfair customer outcomes arising from systematic failures in its cultural outlook or in any element of the customer life cycle.

Stress testing

Risk models are used as part of stress testing to determine the financial stability of the Company's regulated subsidiaries. This involves testing beyond normal operational capacity, often to a breaking point, in order to observe the outcomes and evaluate available management actions. The stress testing outcomes provide additional information to adjust the Company's risk appetite.

The Company's regulated subsidiaries carries out different types of stress testing:

- Sensitivity tests, where one risk factor is assumed to vary and others are assumed to remain unchanged;
- Scenario testing, where a combination of risk factors are assumed to vary; and
- Reverse stress testing, where risk factors are assumed to be stressed to such an extent as to break the business model.

Further information on the types and management of specific risks faced by the Company are described below:

(1) Market risk

Description of risk

Market risk is the risk of loss arising either directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and other financial instruments.

Market risk from reduced income

The Company's dividend income from its regulated subsidiary IFAL is exposed to market risk. IFAL's main source of income is derived from annual management fees and transaction fees which are linked to the value of the customers' portfolios.

Market risk from direct asset holdings

The Company has limited exposure to primary market risk as its surplus capital is invested in high quality, highly liquid, short-dated investments.

(a) Interest rate risk

The Company's balance sheet and capital requirements are relatively insensitive to first order impacts from movements in interest rates.

(b) Currency risk

The Company is not directly exposed to significant currency risk.

(c) Inflation risk

The Company has exposure related to expense inflation risk, where actual inflation deviates from expectations. The Company has no exposures to defined benefit staff pension schemes or customer related index linked liabilities.

(2) Credit (counterparty default) risk

Credit risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations. For the Company, the exposure to counterparty default risk arises primarily from:

- corporate assets directly held by the Company; and
- exposure to other debtors.

Counterparty default risk exposure to other debtors

The Company has no prepayments or other debtors arising, due to the nature of its business, and the structure of the Group.

Impact of credit risk on fair value

Due to the limited direct exposure that the Company has to credit risk, credit risk does not have a material impact on the fair value movement of financial instruments for the year under review. The fair value movements on these instruments are predominantly due to changes in market conditions.

(3) Liquidity risk

Liquidity risk is the risk that cash is not accessible such that the Company, although solvent, does not have sufficient financial resources to meet obligations as they fall due, or can secure such resources only at excessive cost.

As a holding company, the Company's direct liquidity risk is limited to paying out dividends and operating expenses it may incur.

Maturity schedule

The following table shows an analysis of the financial assets and financial liabilities by remaining expected maturities as at 30 September 2015 and 30 September 2016:

Financial assets:

As at 30 September 2015	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Deferred acquisition costs	1,401	4,075	16,589	7,671	29,736
Investments and cash held for the policyholders	8,441,189	-	-	-	8,441,189
Investments	63	6,882	-	-	6,945
Long-term investments	-	-	-	392	392
Deferred tax asset	-	-	78	-	78
Accrued income	5,919	-	-	-	5,919
Trade and other receivables	7,462	-	-	-	7,462
Current tax asset	-	-	-	-	-
Cash	88,186	-	-	-	88,186
Total	**8,544,220**	**10,957**	**16,667**	**8,063**	**8,579,907**

As at 30 September 2016	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Deferred acquisition costs	1,498	4,304	17,479	8,511	31,792
Investments and cash held for the policyholders	11,316,471	-	-	-	11,316,471
Investments	51	8,925	-	-	8,976
Deferred tax asset	-	-	-	-	-
Accrued income	6,806	-	-	-	6,806
Trade and other receivables	12,991	21	-	-	13,012
Current tax asset		199	-	-	199
Cash	90,571	-	-	-	90,571
Total	**11,428,388**	**13,450**	**17,479**	**8,511**	**11,467,827**

Financial liabilities:

As at 30 September 2015	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Deferred income liabilities	1,401	4,075	16,589	7,671	29,736
Liabilities for linked investment contracts	8,441,189				8,441,189
Deferred tax liabilities	90	270	1,244	(325)	1,279
Trade and other payables	15,994	-	43	-	16,037
Current tax liabilities	7	1,087	-	-	1,094
Total	**8,458,681**	**5,432**	**17,876**	**7,346**	**8,489,335**

As at 30 September 2016	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Deferred income liabilities	1,498	4,304	17,479	8,511	31,792
Liabilities for linked investment contracts	11,316,471	-	-	-	11,316,471
Deferred tax liabilities	377	1,141	5,102	1,875	8,495
Trade and other payables	14,289	-	-	-	14,289
Current tax liabilities	(45)	1,731	-	-	1,686
Total	**11,332,590**	**7,176**	**22,581**	**10,386**	**11,372,733**

Financial assets held in portfolio investments and the corresponding liabilities are deemed to have a maturity of up three months since the liabilities are repayable on demand. In practice the contractual maturities of the underlying assets may be longer than three months, but the majority of assets held within portfolios are highly liquid.

(4) Outflow risk

Outflows occur when funds are withdrawn from the platform for any reason. Outflows typically occur where customers' circumstances and requirements change. However, these outflows can also be triggered by operational failure, competitor actions or external events such as regulatory or economic changes.

Outflow risk is mitigated by focusing on providing exceptionally high levels of service. Outflow rates are closely monitored and unexpected experience is investigated. Despite the current challenging and uncertain economic and geopolitical environment, outflow rates remain low and stable.

(5) Expense risk

Expense risk arises where costs increase faster than expected or from one off expense shocks. As a significant percentage of the Group's expenses are staff related, the key inflationary risk arises from salary inflation.

The Group's expenses are governed at a high level by the Group's Expense Policy. The monthly management accounts are reviewed against projected future expenses by the Board and by senior management and action is taken where appropriate.

(6) Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

This risk has been identified as being a key risk for the Group. This risk arises mainly from the regulatory requirements IFAL needs to meet whilst administering its business and from the Third Party Administration arrangements with ISL.

Operational risk exposure and concentration

The key operational risks are IT infrastructure and Business Continuity Plan failure risk, regulatory risk, operational process risk, financial process risk, information security risk, outsourcing risk, CASS risk and cyber risk.

Operational risk mitigation

The Company aims to minimise operational risk at all times through a strong and well-resourced control and operational structure. This is supported by the strong corporate governance structure that is embedded in the Group as a whole.

(7) Brand and reputation risk

Reputational risk is the risk that current and potential clients' desire to do business with the Group reduces due to perception of the service in the market place. It should be noted that clients don't directly purchase wrappers from the Company – they are provided as part of the Transact wrap service. Therefore the reputation of the Transact brand is where the risk lies.

Risk exposure

The Transact brand is exposed to a wide range of future events which may have a significant adverse impact on its reputation. These include consequences of operational risk events e.g. errors, fraud or regulatory fines. In these cases, reputational risk would be triggered on the event of the operational risk failure becoming public knowledge. External reputational risk could also arise from public opinion of the wrap sector as a whole diminishing. Reputational risk can be triggered by a one-off event resulting in a significant loss or could be the result of a gradual decline in how the Group is perceived.

Risk mitigation

The risk that reputational damage control is not properly managed is monitored through the Risk Management Framework and is mitigated to some extent by internal operational risk controls, error management and complaints handling processes, and root cause analysis investigations.

(8) Conduct risk

This is the risk of acting against customers' best interests with consequential damage to the long term sustainability of the business.

The Group has no appetite for unfair customer outcomes arising from systematic failures in its cultural outlook or in any element of the customer life cycle. This includes meeting the requirements of treating customers fairly. The Group uses various indicators to monitor performance against this appetite, including customer retention, complaints and errors.

NOTES TO THE FINANCIAL STATEMENTS
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5. Segmental reporting

The revenue and profit before tax are attributable to activities carried out in the UK.

The Group has three classes of business as follows:
- provision of investment management services
- transaction of ordinary long term insurance and underwriting life assurance
- provision of consultancy services

Analysis by class of business is given below:

	2016 £'000	2015 £'000
Revenue		
Investment management services	37,853	35,672
Insurance and life assurance business	55,817	32,572
Consultancy services	100	-
	93,770	**68,244**
Profit before tax		
Investment management services	11,393	9,540
Insurance and life assurance business	26,808	10,627
Consultancy services	139	-
	38,341	**20,167**
Net assets		
Investment management services	38,100	53,479
Insurance and life assurance business	47,456	21,486
Consultancy services	688	-
	86,244	**74,965**

The figures above comprise the results of the companies that fall directly into each segment, as well as a proportion of the results from the other Group companies that only provide services to the revenue-generating companies. This therefore has no effect on revenue, but has an effect on the profit before tax and net assets figures.

The Company's income is generated solely from dividends received from subsidiaries.

6. Revenue

Group

	2016 £'000	2015 £'000
Fee income	68,257	63,643
Other operating income	25,413	4,602
Consultancy income	100	-
	93,770	**68,244**

The Company's income is generated solely from dividends received from subsidiaries.

7. Expenses by nature

The following expenses are included within administrative expenses:

	2016 £'000	2015 £'000
Group		
Depreciation	872	579
Amortisation	1,345	1,786
Wages and employee benefits expense	25,623	21,466
Auditor's remuneration:		
- auditing of the financial statements of the Company pursuant to legislation	10	10
- auditing of the financial statements of subsidiaries	92	98
- other assurance services	99	95
- taxation service	78	-
Other Auditor's remuneration:		
- auditing of the financial statements of subsidiaries	73	81
- other assurance services	83	65
Impairment losses	554	1,295
Operating lease costs:		
- Land and buildings	1,783	1,820
- Equipment	8	38
Company		
Auditor's remuneration:		
- auditing of the financial statements of the Company pursuant to legislation	10	10
- other assurance services	10	2
- taxation services	78	-
Impairment losses	392	392

Wages and employee benefits expense

The average number of staff (including executive directors) employed by the Group during the financial year amounted to:

	2016 No.	2015 No.
Customer services staff	177	166
Corporate and client accounting staff	50	52
Technical and support staff	130	104
Software development staff	60	-
Sales staff	25	30
	442	**352**

Staff (including executive Directors) costs during the year, included within administrative expenses, were as follows:

	2016 £'000	2015 £'000
Wages and salaries	21,542	18,534
Social security costs	2,353	2,087
Other pension costs	1,728	845
	25,623	**21,466**

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only Directors are considered to meet this definition.

	2016 £'000	2015 £'000
Short term employee benefits	1,566	1,078
Post employment benefits	84	110
	1,650	**1,188**
Highest paid Director:		
Short term employee benefits	465	443
Post employment benefits	23	26
Number of Directors for whom pension contributions are paid	3	3

8. Interest income

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Interest income on bank deposits	145	2	144	-
Interest income on loans	-	-	30	-
Interest income on financial assets at fair value through profit or loss	306	-	100	-
Other interest	-	-	10	-
	451	**2**	**284**	**-**

9. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2016 £'000	2015 £'000
Corporation tax	5,197	4,079
Corporation tax – under-provision in previous year	21	55
Total	**5,218**	**4,134**
Movement in deferred tax asset	78	(78)
Movement in deferred tax liability (note 20)	-	7
Deferred tax charge/(credit)	78	(71)
Total	**5,296**	**4,063**

b) Factors affecting tax charge for the year

The tax on the Company's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	38,341	20,167
Profit on ordinary activities multiplied by effective rate of Corporation Tax 20% (2015: 20.5%)	7,668	4,134
Deferred tax charge/(credit) (see note 20)	78	(71)
Effects of:		
Income not taxable and expenses not deductible for tax purposes, multiplied by effective rate of Corporation Tax 20% (2015: 20.5%)	(2,191)	242
Profits not taxable, multiplied by effective rate of Corporation Tax 20% (2015: 20.5%)	(285)	(288)
Corporation tax – under-provision in prior year	12	46
Profits charged at different rates to UK Corporation Tax rate	14	-
Total	**5,296**	**4,063**

Changes in tax rates

As a result of the Finance Bill 2015 the rate of Corporation Tax was reduced from 21% to 20% with effect from 1 April 2015, this gives an effective rate of 20% for the Group for the year ended 30 September 2016.

Company

a) Analysis of charge in year

	2016 £'000	2015 £'000
Deferred tax charge/(credit) (see note 20)	78	(78)
Total	**78**	**(78)**

	2016 £'000	2015 £'000
b) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	38,641	7,587
Profit on ordinary activities multiplied by effective rate of Corporation Tax 20% (2015: 20.5%)	7,728	1,555
Deferred tax charge/(credit) (see note 20)	78	(78)
Effects of:		
Income not taxable and expenses not deductible for tax purposes, multiplied by effective rate of Corporation Tax 20% (2015: 20.5%)	(7,728)	(1,555)
Total	**78**	**(78)**

10. Intangible assets – Group

	Software and IP rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 October 2014	12,505	-	12,505
At 30 September 2015	**12,505**	**-**	**12,505**
Amortisation			
At 1 October 2014	9,318	-	9,318
Charge for the year	1,786	-	1,786
At 30 September 2015	**11,104**	**-**	**11,104**
Net Book Value			
At 30 September 2014	3,187	-	3,187
At 30 September 2015	**1,400**	**-**	**1,400**
Cost			
At 1 October 2015	12,505	-	12,505
Addition in the year (see note 29)	-	12,951	12,951
At 30 September 2016	12,505	12,951	25,456
Amortisation			
At 1 October 2015	11,105	-	11,105
Charge for the year	1,345	-	1,345
At 30 September 2016	12,450	-	12,450
Net Book Value			
At 30 September 2015	1,400	-	1,400
At 30 September 2016	55	12,951	13,006

Amortisation of intangibles is recognised within administrative expenses in the profit or loss account.

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Year ended 30 September 2016

11. Property, plant and equipment – Group

	Short Leasehold Land and Buildings £'000	Equipment £'000	Fixtures and Fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2015	1,242	1,463	226	-	2,931
Additions	373	739	327	101	1,540
Disposals	-	(589)	-	-	(589)
At 30 September 2016	**1,615**	**1,613**	**553**	**101**	**3,882**
Depreciation					
At 1 October 2015	362	1,045	121	-	1,528
Charge for the year	163	446	235	27	871
Disposals	-	(589)	-	-	(589)
At 30 September 2016	**525**	**902**	**356**	**27**	**1,810**
Net Book Value					
At 30 September 2015	880	418	105	-	1,403
At 30 September 2016	1,090	711	197	74	2,072
Cost					
At 1 October 2014	1,242	1,420	227	-	2,889
Additions	-	189	-	-	189
Disposals	-	(146)	-	-	(146)
At 30 September 2015	**1,242**	**1,463**	**227**	**-**	**2,932**
Depreciation					
At 1 October 2014	238	759	99	-	1,096
Charge for the year	124	432	23	-	579
Disposals	-	(146)	-	-	(146)
At 30 September 2015	**362**	**1,045**	**122**	**-**	**1,529**
Net Book Value					
At 30 September 2014	1,004	661	128	-	1,793
At 30 September 2015	880	418	105	-	1,403

Additions in the year includes £526k from the acquisition of IAD (see note 29).

The Company holds no property, plant and equipment.

12. Long-term investments

Group	Total £'000
At 1 October 2015	392
Impairment	(392)
At 30 September 2016	-
Net book value	
At 30 September 2015	392
At 30 September 2016	-
At 1 October 2014	750
Additions	34
Impairment	(392)
At 30 September 2015	392
Net book value	
At 30 September 2014	750
At 30 September 2015	392
Company	
At 1 October 2015	449
Additions (see note 29)	14,156
Impairment	(392)
At 30 September 2016	14,213
Net book value	
At 30 September 2015	449
At 30 September 2016	14,213
At 1 October 2014	807
Additions	34
Impairment	(392)
At 30 September 2015	449
Net book value	
At 30 September 2014	807
At 30 September 2015	449

Name of Company	Holding	% Held	Incorporation and significant place of business	Business
Direct holdings				
Integrated Financial Arrangements Ltd	Ordinary Shares	100%	United Kingdom	Investment Management
IntegraFin Services Limited	Ordinary Shares	100%	United Kingdom	Services Company
Transact IP Limited	Ordinary Shares	100%	United Kingdom	Software provision & development
Integrated Application Development Pty Ltd	Ordinary Shares	100%	Australia	Software maintenance
Objective Asset Management Limited	Ordinary Shares	100%	United Kingdom	Dormant
Indirect holdings				
IntegraFin Limited	Ordinary Shares	100%	United Kingdom	Non-trading
Transact Nominees Limited	Ordinary Shares	100%	United Kingdom	Non-trading
IntegraLife UK Limited	Ordinary Shares	100%	United Kingdom	Life Insurance
IntegraLife International Limited	Ordinary Shares	100%	Isle of Man	Life Assurance
ObjectMastery (UK) Limited	Ordinary Shares	100%	United Kingdom	Consultancy
Objective Funds Limited	Ordinary Shares	100%	United Kingdom	Dormant
Objective Wealth Management Limited	Ordinary Shares	100%	United Kingdom	Dormant
IntegraFin (Australia) Pty Limited	Ordinary Shares	100%	Australia	Non-trading
Transact Trustees Limited	Ordinary Shares	100%	United Kingdom	Non-trading

The group has 100% voting rights on shares held in each of the subsidiary undertakings.

The above subsidiaries have all been included in the consolidated financial statements. The results of IntegraLife International Limited and IntegraLife UK Limited are included as described in the basis of consolidation accounting policy in note 1.

Integrated Financial Arrangements Ltd is authorised and regulated by the Financial Conduct Authority. The principal activity of the company and its subsidiaries is the provision of "Transact", a wrap service that arranges and executes transactions between clients, their financial advisers and financial product providers including investment managers and stockbrokers.

IntegraFin Services Limited (ISL), is the Group services company. All intra-group service contracts are held by this services company.

Integrated Application Development Pty Ltd (IAD) provides software maintenance services to the Group. IAD was acquired by the Company on 1 July 2016 (see note 29).

IntegraFin Limited is the trustee of the IntegraSIP Share Incentive Plan, which was set up to allocate Class C Shares in the capital of the Company to staff. IntegraFin Limited undertakes no other activities.

Transact Nominees Limited holds customer assets as a nominee company on behalf of Integrated Financial Arrangements Ltd.

IntegraFin (Australia) Pty Limited is currently non-trading.

Transact IP Limited licenses its proprietary software to other members of the IHL Group.

IntegraLife UK Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Its principal activity is the transaction of ordinary long term insurance business within the United Kingdom.

IntegraLife International Limited is authorised and regulated by the Isle of Man Financial Services Authority and its principal activity is the transaction of ordinary long term insurance business within the United Kingdom through the Transact Offshore Bond.

13. Deferred acquisition costs

	2016 £'000	2015 £'000
Opening balance	29,736	28,096
Capitalisation of deferred acquisition costs	7,966	7,011
Amortisation of deferred acquisition costs	(5,909)	(5,371)
Change in deferred acquisition costs	2,057	1,640
Closing balance	**31,793**	**29,736**

14. Non-current asset investments – ILInt and ILUK

Investments and cash held for the benefit of policyholders

	2016 Cost £'000	2016 Fair value £'000	2015 Cost £'000	2015 Fair value £'000
ILInt				
Cash and cash equivalents held for the benefit of the policyholder	82,931	82,931	60,892	60,892
Investments held for the benefit of the policyholder	1,637,842	2,928,144	1,082,219	1,902,625
	1,720,773	**3,011,075**	**1,143,111**	**1,963,517**
ILUK				
Cash and cash equivalents held for the benefit of the policyholder	715,881	715,881	539,089	539,089
Investments held for the benefit of the policyholder	6,898,345	7,589,515	6,074,081	5,938,583
	7,614,226	**8,305,396**	**6,613,170**	**6,477,672**
Total		**11,316,471**		**8,441,189**

All amounts are current. These assets are held to cover the liabilities for unit linked investment contracts. All contracts with customers are deemed to be investment contracts and, accordingly, assets are 100% matched to corresponding liabilities.

15. Current asset investments

	Group 30 Sep 2016 £'000	Group 30 Sep 2015 £'000
Listed shares and securities	51	63
Gilts	8,925	6,882
	8,976	**6,945**

Investments held as current assets are held at fair value.

16. Other prepayments and accrued income

	Group 30 Sep 2016 £'000	Group 30 Sep 2015 £'000
Accrued income	6,806	5,919
Prepayments	3,036	2,392
	9,842	**8,311**

17. Trade and other receivables

	Group 30 Sep 2016 £'000	Company 30 Sep 2016 £'000	Group 30 Sep 2015 £'000	Company 30 Sep 2015 £'000
Amounts owed by Group undertakings	-	9	-	-
Interest receivable	8	-	23	-
Other receivables	1,550	-	1,995	-
Amounts due from HMRC	11,454	-	5,444	-
	13,012	**9**	**7,462**	**-**

18. Trade and other payables

	Group 30 Sep 2016 £'000	Company 30 Sep 2016 £'000	Group 30 Sep 2015 £'000	Company 30 Sep 2015 £'000
Trade payables	364	-	317	-
PAYE and other taxation	1,621	12	487	-
Due to Group undertakings	-	8	-	65
Other payables	5,436	5	9,012	-
Accruals and deferred income	6,867	363	6,221	12
	14,289	**388**	**16,037**	**77**

19. Deferred income liability

	2016 £'000	2015 £'000
Opening balance	(29,736)	(28,096)
Capitalisation of deferred income	(7,966)	(7,011)
Amortisation of deferred income	5,909	5,371
Change in deferred acquisition costs	(2,057)	(1,640)
Closing balance	**(31,793)**	**(29,736)**

20. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2015: 20%). This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2017, the date on which that new rate becomes effective.

	30 Sep 2016 £'000	30 Sep 2015 £'000
Liabilities – Group		
Balance brought forward	1,279	3,012
Release in year at 19 (2015: 20%) future corporation tax rate in respect of:		
- Share-based payments	-	38
- Accelerated depreciation	-	(31)
Deferred tax (credit) / charge	-	7
Movement in policyholder tax	7,216	(1,740)
Balance carried forward	**8,495**	**1,279**
Analysed as:		
- Share-based payments	-	-
- Accelerated depreciation	12	12
- Policyholder deferred tax	8,483	1,267
	8,495	**1,279**
Assets – Group and Company		
Balance brought forward	(78)	-
Release in year at 19% (2015: 20.5%) future corporation tax rate in respect of:		
- Unused capital losses	78	(78)
Deferred tax charge	78	(78)
Balance carried forward	**-**	**(78)**

21. Client monies and client assets

	£'000		£'000
2016			
Client monies	1,836,756	Amounts due to clients	1,836,756
Client assets	22,763,205	Corresponding liability	22,763,205
2015			
Client monies	1,376,766	Amounts due to clients	1,376,766
Client assets	17,707,907	Corresponding liability	17,707,907

The above client monies are held separately in client bank accounts which are excluded from the Company's net current assets. In addition the above client assets are held on behalf of Integrated Financial Arrangements Ltd by Transact Nominees Limited, the holdings are also excluded from the Company's net current assets.

22. Provisions for liabilities

	Group 30 Sep 2016 £'000	Group 30 Sep 2015 £'000
Balance brought forward	20,802	16,009
(Decrease)/increase in dilapidations provision	95	52
Increase in ILInt non-linked unit provision	13	12
Increase in ILUK tax provision	6,055	4,729
Increase in rent provision	-	-
Balance carried forward	**26,965**	**20,802**
Dilapidations provisions	279	183
ILInt non-linked unit provision	25	12
ILUK tax provision	26,559	20,505
Rent provision	102	102
	26,965	**20,802**

The dilapidation provisions relate to the former leasehold premises at 5-7 Singer Street, the current leasehold premises at 29 Clement's Lane, and the current ILInt leasehold premises at 6 Goldie Terrace in the Isle of Man. The Group is committed to restoring the premises to their original state at the end of the lease term. Whilst it is probable that payments will be required for dilapidations, uncertainty exists with regard to the amount and timing of these payments, and the amounts provided represent management's best estimate of the Group's liability. The Group's 2015 movement in provision has been adjusted by £32k to take into account a reclassification of ILInt's dilapidations provision for Goldie Terrace from other payables.

The rent provision relates to potential litigation regarding disputed rent. There is potential for a claim to be made against the Group until March 2019, though uncertainty exists as to the timing of any potential claim and whether the claim will be successful.

23. Called up share capital – Company and Group

	30 Sep 2016 Number	30 Sep 2015 Number	30 Sep 2016 £'000	30 Sep 2015 £'000
Allotted, called up and fully paid:				
Ordinary Class A shares of £0.05 each	417,868	417,868	21	21
Ordinary Class B shares of £0.05 each	357,000	357,000	18	18
Ordinary Class C shares of £0.05 each	332,410	332,410	17	17
Ordinary Class D shares of £0.05 each	30,000	30,000	1	1
			57	**57**

	2016 £'000	2015 £'000
Movement in called up share capital		
Balance brought forward	57	57
Shares issued – Class A	-	-
Shares issued – Class C	-	-
Shares issued – Class D	-	-
Shares redeemed – Class A	-	-
Shares redeemed – Class C	-	-
Shares redeemed – Class D	-	-
	57	**57**

Class A and Class B Ordinary share capital have full voting and dividends rights.

Class C Ordinary share capital has no voting rights, but ranks equally for dividends.

Class D Ordinary Share Capital has no voting rights, and shareholders are only entitled to receive dividends to the extent that the amount per Ordinary Share paid to the holders of Class A Shares, Class B Shares and Class C Shares in any financial year exceeds the amount per Ordinary Share received by holders of those Ordinary Shares (excluding any Special Dividends) in the financial year prior to the financial year in which relevant Class D Shares are issued.

24. Share premium account – Group

	2016 £'000	2015 £'000
Balance brought forward	5,722	5,722
Premium on shares issued during the year	-	-
Balance carried forward	**5,722**	**5,722**

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25. Capital redemption reserve – Group

	2016 £'000	2015 £'000
Balance brought forward	2	2
Purchase of own shares	**-**	**-**
Balance carried forward	**2**	**2**

On 12 December 2013 IFAL (formerly IFA plc) was granted authority by shareholders to repurchase £4,500,000 worth of ordinary shares from shareholders. IFAL purchased 45,917 shares, and they were then cancelled, giving rise to a capital redemption reserve of £2,271.

26. Share-based payment reserve – Group

	2016 £'000	2015 £'000
Balance brought forward	308	308
Transfer to profit and loss reserve	-	-
Balance carried forward	308	308

27. Other reserves – Group

	2016 £'000	2015 £'000
Balance brought forward	-	-
Currency Translation reserve	32	-
Balance carried forward	32	-

28. Operating lease commitments

The total future minimum lease payments of operating leases are due as follows:

	Land and Buildings 2016 £'000	Equipment 2016 £'000	Land and Buildings 2015 £'000	Equipment 2015 £'000
Group				
Within 1 year	2,098	-	2,120	7
Within 2-5 years	8,375	-	8,377	7
Over 5 years	3,490	-	5,583	-

The land and building lease commitments relate to the current leasehold premises at 29 Clement's Lane, and the current ILInt leasehold premises at 6 Goldie Terrace in the Isle of Man. The equipment commitment relates to the lease of a franking machine.

29. Related parties

Mike Howard is a Director of the Company, and is also a Director and controlling shareholder of IAD.

IAD provides software development and maintenance services to the Group. The contract for these services was between IFAL and IAD until 30 September 2015. On 1 October 2015 the contract moved, and is now between ISL and IAD. IAD therefore invoices ISL, and ISL passes the charge on proportionately to the rest of the Group through its service charge. These transactions are commercial, arm's length transactions undertaken in the normal course of business.

Acquisition of IAD

On 1 July 2016 the Company acquired 100% of the voting equity instruments of IAD for £14.16m. Ganymede Investments Pty Ltd, a company controlled by Mike Howard, received £10.59m of the consideration. The principal reason for the acquisition was to bring the software development and maintenance services in-house, and thus increase efficiency and reduce costs to the Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair value £'000
Cash and cash equivalents	651
Trade and other receivables	320
Property, plant and equipment	526
Current liabilities	(292)
Total net assets	1,205
Consideration – cash	14,156
Goodwill	12,951

The main factor leading to the recognition of goodwill is the presence of intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition.

The goodwill has not been tested for impairment during the current year, due to the fact that the acquisition was only completed recently, but it will be tested for impairment annually going forward.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

During the year the Company did not render nor receive any services with related parties within the Group, and at the year end the Company had the following intra-Group receivables:

	Amounts owed by/ (to) related parties	
	2016 £'000	**2015 £'000**
Company		
Integrated Financial Arrangements Ltd	8	(62)
IntegraFin Services Limited	(2)	-
IntegraFin Limited	(6)	(3)
IntegraLife UK Limited	(1)	-

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2016 or 2015 regarding related party transactions.

All of the above transactions are commercial, arm's length transactions undertaken in the normal course of business.

30. Share incentive plan (SIP)

The Company introduced a SIP trust scheme for its staff in October 2005. The SIP is an approved scheme under Schedule 2 of the Income Tax (Earnings & Pensions) Act 2003.

This scheme entitles all the staff who were employed in October 2005 to Class C shares in the Company, subject to their remaining in employment with the Company until certain future dates.

The trustee for this scheme is IntegraFin Limited, a wholly owned non-trading subsidiary of Integrated Financial Arrangements Ltd.

The cost to the Company in the financial year to 30 September 2016 was £nil (2015: £nil).

31. Share-based payments

There are no share options outstanding. All options have been exercised, and there have been no new share options granted.

32. Events after the reporting date

There are no events subsequent to the year-end that require disclosure in, or amendment to the financial statements.

33. Dividends

During the year the company paid an interim dividend of £8,978,224 (2015: £7,840,946) to shareholders.

34. Transition to IFRS

Reconciliation of equity and comprehensive income as previously reported under UK GAAP to IFRS

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the period ending 30 September 2015, the comparative information, and in the preparation of an opening IFRS statement of financial position at 1 October 2014 (the Group's date of transition). In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with UK GAAP. An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position and financial performance is set out in the following tables.

On a Company level, the adoption of IFRS has not resulted in the restatement of any numbers previously recorded in the financial statement under the previous accounting framework and therefore no reconciliations have been presented.

		30 Sept 2015 £'000	1 Oct 2014 £'000
Equity as reported under UK GAAP		**74,997**	**66,397**
Other adjustment		17	-
IFRS adjustments:	**Note**		
IFAL – holiday pay accrual	a	(44)	(48)
ILUK and ILInt deferred acquisition costs	b	29,736	28,096
ILUK and ILInt deferred income liability	b	(29,736)	(28,096)
ILUK – additional ILUK deferred tax provision	b	(438)	(429)
Investments and cash held for the benefit of policyholders	c	8,441,188	7,524,053
Liabilities for linked investment contracts	c	(8,441,188)	(7,524,053)
ILUK – release sterling reserves into non-distributable reserve	d	35	35
ILInt – release sterling reserves into non-distributable reserve	d	466	466
Reversal of ILInt reserve movement in the year	d	(46)	-
Reversal of ILUK reserve movement in the year	d	(20)	-
ILUK and ILInt inclusion of non-linked cash	e	21,254	17,572
ILUK and ILInt inclusion of provision for liabilities	e	(20,473)	(16,277)
ILUK and ILInt other IFRS reclassifications	e	(783)	(1,296)
Equity as reported under IFRS		**74,965**	**66,420**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2016

		Year ended 30 Sep 2015 £'000
Comprehensive income as reported under UK GAAP	**Note**	**16,373**
IFAL – holiday pay accrual	f	4
ILUK – increase in IFRS DAC deferred tax provision in year	f	(9)
ILUK – reverse decrease in sterling reserves in year	f	(20)
ILInt – reduction in profit due to reversing sterling reserves	f	(46)
Profit for the financial year reported under IFRS		**16,301**

Notes explaining the conversion from UK GAAP to IFRS

a. IFRS (IAS 19 Employee Benefits) requires that an accrual is made for holiday that has been earned by employees, but not yet used at the reporting date. In order to meet the requirements of the standard, an accrual as at 1 October 2014 and 30 September 2015 has been calculated and reflected in the restated accounts. This amounts to a £48k reduction in profit in FY2014 and a £4k increase in profit in FY2015.

b. Deferred acquisition costs (DAC) and deferred income liability (DIL) are now reflected on the SOFP in ILInt and ILUK, and therefore consolidated into the Group financial statements.

   DAC and DIL exactly offset each other and there is, therefore, no impact on the financial results of ILUK or ILInt or the Group aside from a tax reserve required for Life DAC in ILUK. The tax reserve accounts for the different bases for spreading expenses in the ILUK Life tax computation and under IFRS.

c. ILInt and ILUK both issue contracts which are accounted for under IFRS as investment contracts. The definition of an investment contract is one where there is not a significant transfer of insurance risk. As ILInt and ILUK issue investment contracts, then the fair value of assets held for the benefit of policyholders is reflected on the SOFP, as well as the corresponding liability. The positions are fully matched.

d. The creation of a non-distributable reserve is due to the reversal of sterling reserves that are no longer required under IFRS. Under IFRS the non-unit, counterparty and resilience reserves are released. The balance of £466K for ILInt and £35k for ILUK has been transferred to non-distributable reserves. Other provisions still include the remaining negative unit and post closure reserves.

e. Non-linked cash balances are now reflected on the Group financial statements, with offsetting balances included mainly within provisions, and also within some of the other SOFP balances that have been reclassified.

f. The adjustments to the Income Statement are the movements in the year in respect of the changes to the SOFP described in notes a. to d.

Adjustment to the statement of cash flows

The transition from UK GAAP to IFRS had no significant impact on cash flows generated by the Group.

M137 September 2016

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The holding company of the Integrated Financial Arrangements Ltd group of companies