IntegraFin

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED
30 SEPTEMBER 2017

IntegraFin Holdings Limited

Company registration number: 08860879

CONTENTS

Michael Howard
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

Welcome to the annual report of your company for 2017, another financial year that has been kind to us. My friend and colleague, Ian Taylor, provides further information on the year elsewhere in his report but, suffice for me to say, your company has had an excellent profit outcome.

Since 2000, wrap services, or platforms as they are often called, like ours, have transformed the financial services landscape because they represent, quite simply, a better proposition than the "old way". Diversified investment together with consolidated administration has made financial planning easier and more effective for advisers and for their clients. Financial advisers are thriving in this reconfigured environment, and we thrive with them.

Current indicators point to continuing bright prospects for your company due to the accumulation of investors' annual savings, plus the literally trillions of pounds still retained in "old fashioned" investments that are moving onto platforms. This latter process looks set to continue for many years to come.

As well as our usual business operations, this has been another year of getting ready to list our company on the London Stock Exchange. So far, matters are progressing as we would hope, and we continue to be optimistic that conditions remain favourable and we plan to list in the first half of 2018.

As part of our preparation, and in line with corporate governance best practice for listed companies, changes have been made to IntegraFin Holdings Limited (IntegraFin), Integrated Financial Arrangements Ltd (IFAL), IntegraLife UK Limited (ILUK) and IntegraLife International Limited (ILInt) Board members.

On 1 October 2017, I stood down from the chairmanship of IntegraFin, as well as the chairmanship and Boards of IFAL and ILUK and the Board of ILInt. I remain as a Director of IntegraFin.

On 1 October 2017, Patrick Snowball took up the reins as Non-Executive Chairman of IntegraFin and IFAL. Patrick has an impeccable background in financial services having been the CEO of Aviva UK from 2005 to 2007 and from 2009 to 2015, the CEO of the ASX 100, financial services giant, Suncorp.

I welcome him as a most valuable addition to our merry band and thank him for agreeing to join us.

On 1 October 2017, the chairmanship of ILUK was taken up by Neil Holden. Neil has been a Director of the Group since 2011.

I wish them all well in their new roles.

While Jeremy Brettell, Stuart Bazley and Judith Davidson each stepped down from the IntegraFin Board on 1 October 2017, they continue to be Directors of IFAL, plying their skills on behalf of the Group, where most needed.

Finally, on matters directorial, we have made the Board of IntegraFin more compact. In the past, IntegraFin and IFAL have had identical boards. We did this to avoid making too many changes at once. In fact, the role of IntegraFin, the holding company, is to direct the strategy and oversee the execution of its operating subsidiaries. It is the subsidiaries that do the actual work involved in providing Transact.

The IntegraFin Board now comprises Patrick Snowball, Ian Taylor, Alexander Scott, Neil Holden, Christopher Munro and myself. We believe this representation better reflects the particular needs of each of the Group companies.

Penultimately, to the matter always of interest to shareholders – your company's dividend. Based on our 2017 profit and our policy of distributing 65% of what we have earned, post tax, we will be paying an interim dividend to shareholders of £19.42 million, according to our usual schedule, in January, 2018.

Finally, and most importantly, I would like to take this opportunity to thank all those involved in making our business, and our year, successful. This includes our customers, our business partners and, of course, our staff and Directors. Without the support of all of these groups, we would have no business.

May our 2018 year deliver all that we hope for it.

Michael Howard
Chairman for financial year 2017

12 December 2017

Ian Taylor
Chief Executive Officer

CEO REVIEW

Headlines

By many measures, the year to 30 September 2017 was one of our most rewarding so far.

Gross inflows of £5.31 billion were 48.6% higher than last year and net inflows were 66% higher. We ended the year with 151,000 clients (+13%) and funds under direction of £27.9 billion (+13.5%)[1].

This, combined with sensible control of expenses, means that we are pleased to report that profits after tax increased by 43% to £29.9 million.

The market background

The year was a busy one for the UK investment platform industry. Many platforms saw substantial uplifts in new business and Platforum estimates that funds under direction across the advised platform sector grew from £405 billion (September 2016) to £488 billion (September 2017).

Not all platforms were winners, however, and it seems, to this observer at least, that advisers are concentrating flows of business ever more to those platforms that are seen to be significant players now and, more importantly, into the future.

There was also some consolidation of platform ownership during the year and more evidence of the potential for technology costs to become very substantial indeed for those platforms who outsource this key component.

Our activity

Alongside the daily provision of Transact, a number of developments took place during the year.

Most notably, in July 2016 we bought Integrated Application Development Pty Ltd from Michael Howard and its other owners. This was the final step in our longer term plan to bring entirely within the Group the ownership and control of the technology upon which we rely so heavily. This continues to contribute to profits and will stand us in good stead as we prepare for listing.

We also continued to support the implementation of financial planning by developing new functionality, enjoyed by advisers and by their clients. In particular Transact was the only adviser platform to introduce a Lifetime ISA wrapper when legislation changed.

[1] Platform assets experienced a one off drop in April 2017 following the account closure of a single private client for which we were charging a nominal fee for custody.

In April we made further adjustments to some of our prices. We have an established record of sharing some of our profits with our customers when circumstances permit. We do this when we are comfortable that doing so will have no negative impact on service levels or revenues. We call this 'responsible pricing' and it means that the best service in the platform market becomes even better value.

During the course of the year we won awards from Moneyfacts (Best Wrap/Platform), Professional Adviser (Best Platform for Advisers – AUA above £15bn), Professional Paraplanner (Best Overall Service for New Business), Money Marketing (Best Platform) and FT Adviser (Investment Innovation and Five Star Investment). Transact was rated the best adviser platform in adviser surveys run by CoreData, Investment Trends and Platforum.

The outlook

The closing months of 2017 and the early months of 2018 will involve us in a great deal of work driven by changes in regulation and legislation. From Europe we have the second Markets in Financial Instruments Directive (MiFID II) and the General Data Protection Regulation (GDPR), and from the FCA the investment platform market study.

Nevertheless, there is no reason to think that the natural flow of business from old world administration and custody to new world administration and custody should slow down – and we will benefit from this.

Our plan is simple – we will continue to drive organic growth and to provide the best adviser platform in the UK.

Ian Taylor
Chief Executive Officer

12 December 2017

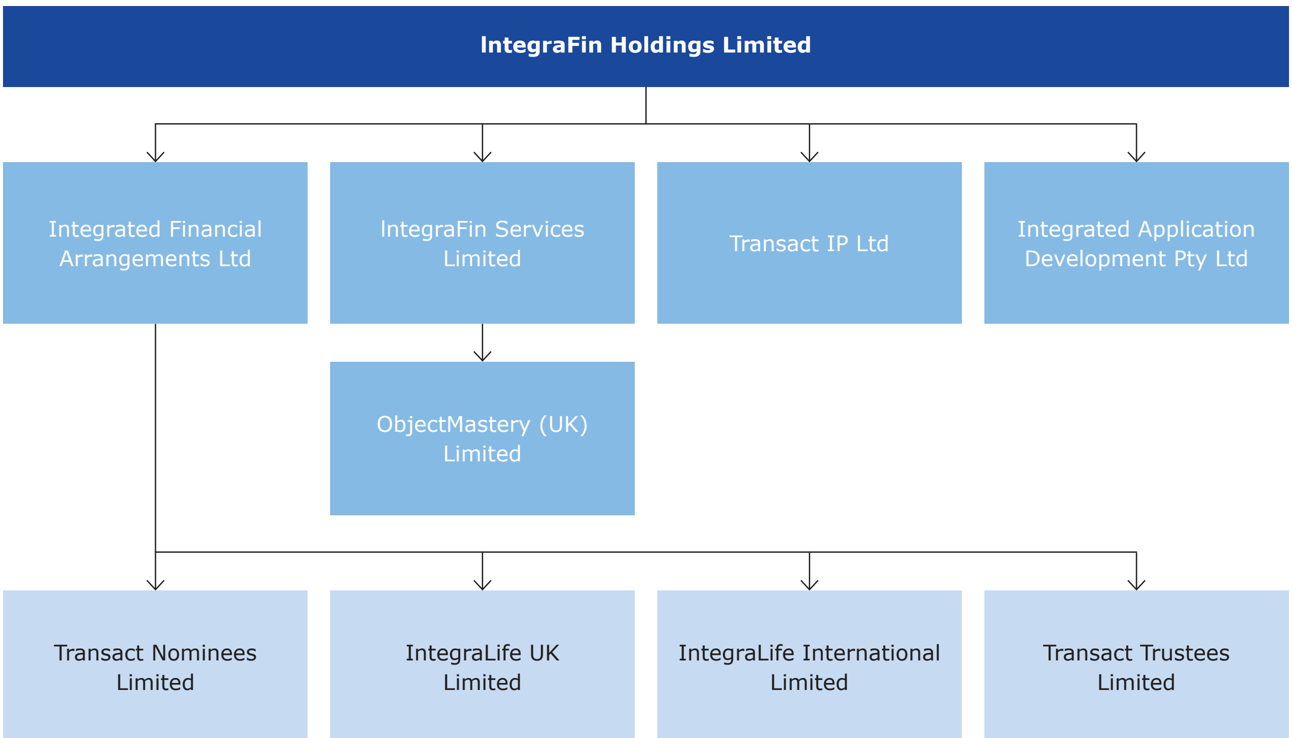
TRANSACT AT A GLANCE

About IntegraFin

IntegraFin Holdings Limited (IntegraFin) is the holding company for all of the entities involved in the provision of the Transact service. Our corporate structure as at 30 September 2017 is shown below:

Transact is only marketed in the UK and is designed specifically to meet the needs of UK financial advisers and their clients.

INTEGRAFIN CORPORATE STRUCTURE

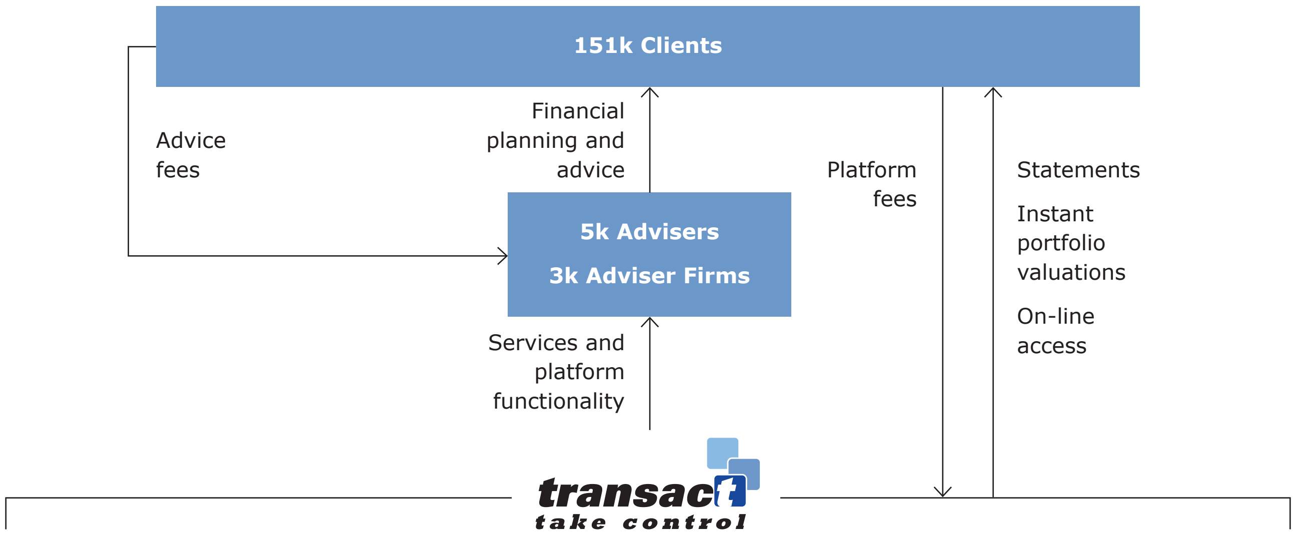


How we operate

Transact provides a market leading platform infrastructure for advisers and their clients to make the implementation and management of client portfolios as simple and efficient as possible. Our leading investment platform functionality is supported by a high-touch client service team which provides extensive day-to-day and technical support no matter how simple or complex a query may be.

As an independent platform we provide access to a wide range of tax wrappers and investment products. There are currently over 8,000 funds available on Transact and we can provide access to any asset listed on a major stock market.

INTEGRAFIN PROPOSITION



Proprietary Platform Functionality				
Asset custody	Transaction processing	Adviser fees	Portfolio monitoring	Reporting tools

Wide Range of Wrappers				
ISAs	GIAs	Pensions	Onshore bonds	Offshore bonds

Open Investment Architecture						
~ 8,125 Funds	~ 350 ITs	~ 850 ETFs	~ 3,100 Stocks	~ 425 Gilts	~ 100 VCTs	Cash

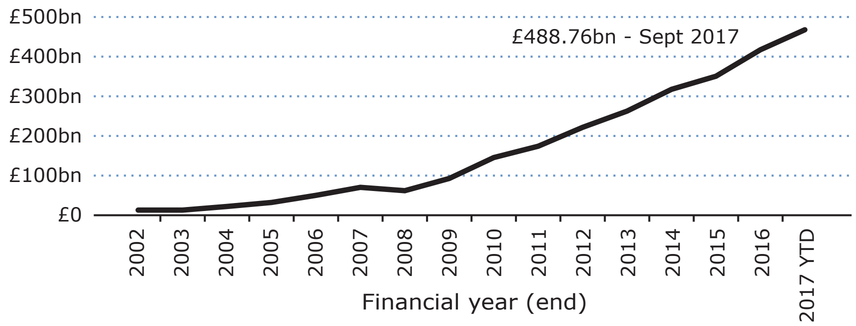
Our marketplace

Transact was the first investment platform service to launch in the UK back in 2000, providing a revolutionary solution for fee based financial advisers. Since then other providers have continued to enter the market and the UK platform sector has grown rapidly and now totals £488.76 billion of assets (Platforum, Issue 32, November 2017).

The rapid growth of the sector has occurred because the platform proposition is extremely attractive to both clients and advisers. Ultimately, platforms provide clients with greater control over their investments as they offer the visibility and convenience of having all tax wrappers and a wide range of investments, held and managed in one place, and at a lower price than the pre-platform era.

Transact has over 151,000 clients across the UK managed by over 5,000 financial advisers.

UK PLATFORM MARKET GROWTH



Award-winning service

We have become renowned for high quality service. The results of independent research studies stand testament to this as Transact has consistently been rated by advisory professionals as the top platform year on year in both the Investment Trends and CoreData quantitative research studies (2010 to 2017 inclusive), and consistently performs strongly in Platforum quarterly and annual surveys.

This year we also completed our second annual client survey, the results of which were extremely positive with 98% of respondents saying that they would recommend Transact to others.

TRANSACT ADVISER RATINGS

	CORE DATA research *Category: Large Platforms (> £12bn FUD)*	Investment Trends *Category: Large Platforms (> £10bn FUD)*	Platforum *Category: Large Platforms (> £10bn FUD)*
2017	1st	1st	1st
2016	1st	1st	1st
2015	1st	1st	1st
2014	1st	1st	1st

Our business model

A key aspect of our proposition is the control we have over every aspect of what we do. We do not outsource any material component of our service or technology and this gives us total control over the quality and cost of our whole operation. We also set our own priorities when deciding on the service enhancements we make and the frequency with which we make them.

The main components of our proposition are:

Control of our systems development is crucial to our business model as it enables our Client Service teams to operate effectively. We design our systems and processes around the needs of financial advisers and their clients and regularly consult with them to ensure our solutions are appropriate.

Similarly, our Client Service teams receive extensive training through our internal training programmes and have been instrumental in our success and the many accolades and awards Transact has received over the years.

Systems Technology	▪ Proprietary software systems technology. ▪ Full control of the client experience. ▪ We set our own priorities and control management of associated costs. ▪ We react quickly to client and industry demands.
Operations	▪ High-touch client service team of over 160 of our own staff. ▪ The teams cover our entire proposition and are not product centric. This means that the adviser and client experience is highly efficient. ▪ This also enables us to build strong adviser relationships.
Manufacturer of Wrappers	▪ We provide a wide range of tax efficient wrappers. ▪ First B2B platform to introduce the Lifetime ISA.

We do not own any financial advice firms. We are proud to have long-standing relationships with many firms across the UK and currently work with over 5,000 advisers who have independently selected Transact for their clients.

We receive all of our income from the fees paid by clients via our platform. Our Board and Senior Management Team are confident that the business model we operate is truly sustainable as over 85% of revenue is of a recurring nature.

Strategic priorities and progress

Our focus for the coming year will be to make continuous improvements to maintain our reputation as a premium service provider and a leading platform within the market.

We continue to see a strong uptake in advisers choosing our platform, with more registering with Transact each month.

This year has presented new legal and regulatory challenges for the platform industry. These include MiFID II and GDPR, both coming into effect in 2018. We are on track to meet our obligations and have been providing support to advisers, where appropriate, in helping them to meet theirs.

We continue to monitor government announcements regarding the savings and investment tax regime and are ready to respond accordingly to any changes in the provisions of pensions and ISAs in particular.

OPERATING AND FINANCIAL REVIEW

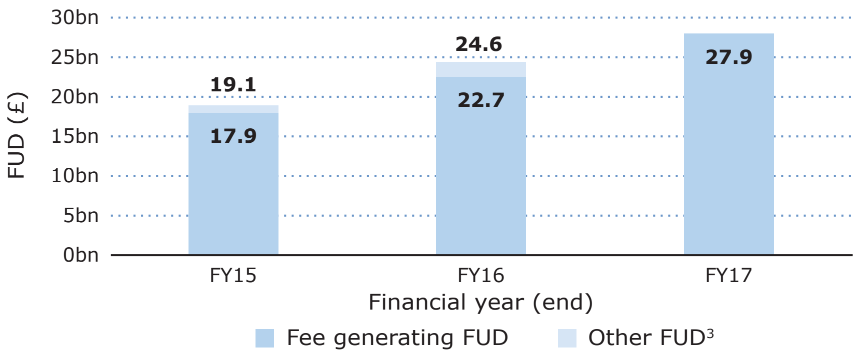
It has been a year of significant net inflow growth which together with good market performance has led to strong growth in funds under direction (FUD).

Year ended 30 September Funds under direction (FUD)	2017 £m	2016 £m
Opening fee generating FUD	22,686	18,027
Inflows	5,310	3,574
Outflows	(1,647)	(1,378)
Net Inflows	3,663	2,196
Market and other movements[2]	1,578	2,463
Closing fee generating FUD	**27,927**	**22,686**
Other FUD[3]	1	1,914
Total Closing FUD	**27,928**	**24,600**
Average fee generating FUD	**25,307**	**20,357**

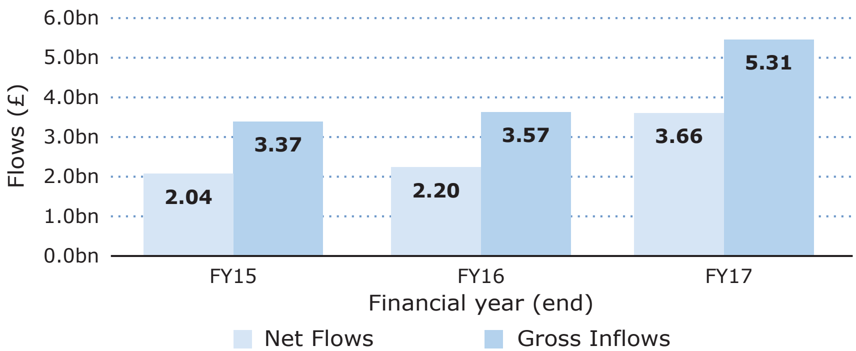
Total gross inflows for the financial year to 30 September 2017 increased by £1.74 billion, or 48.6% to £5.31 billion from £3.57 billion, averaging £442 million per month, whilst a far smaller increase in the level of gross outflows saw a significant increase in net new inflows on the prior year, totalling £3.66 billion, an increase of 66.8%. The 2017 financial year has seen the Group experience its highest total gross inflows since inception. This growth, coupled with good market performance has led to fee generating funds under direction increasing by 23.1% to £27.9 billion at 30 September 2017.

During the year the majority of other FUD was removed from the platform as the Group continues to make preparations towards an IPO.

INTEGRAFIN GROUP – TOTAL FUD



INTEGRAFIN GROUP – NET & GROSS FEE GENERATING INFLOWS



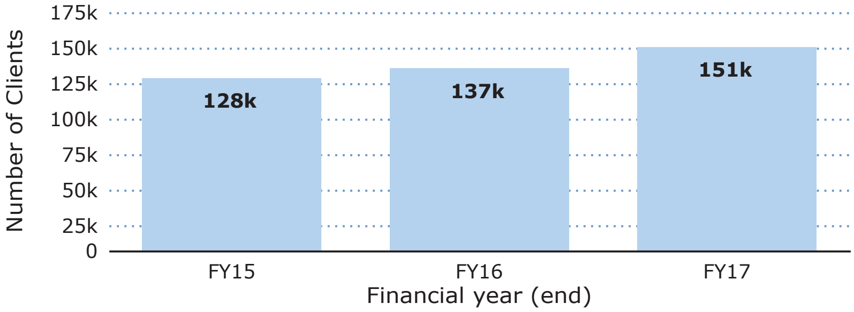
[2] Other movements includes dividends, interest, fees and tax charges and rebates.

[3] FUD held on behalf of a single private client for which the only charge was a nominal fee for custody. Other FUD is being removed from the platform with no material impact on revenue.

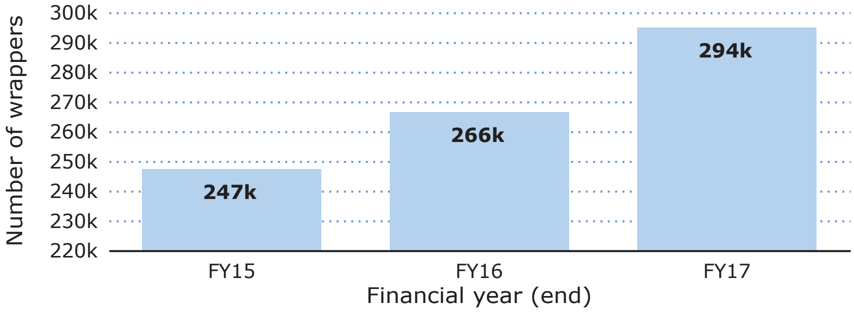
Maintaining strong relationships with both advisers and clients already using Transact is as important to the continuing growth of the business as bringing new advisers to the platform. As at 30 September 2017 over 68% of registered advisers recommending Transact had been using the platform for over five years. At the year end the number of registered advisers with funds on the platform averaging greater than £1,000 had increased to over 5,000.

Both advisers with long standing relationships, and new advisers, bring new clients and new money to Transact. With our focus on premium service delivering strong client retention, and attracting new clients, this has seen our total number of clients increase by 13% to 151,000 from 137,000.
This has led to continuing growth in the number of open tax wrappers, increasing by 10% over the year.

INTEGRAFIN – TOTAL NUMBER OF CLIENTS



INTEGRAFIN – TOTAL NUMBER OF WRAPPERS AT THE END OF THE YEAR



Financial performance

Income for the financial year ended 30 September	**2017** **£m**	**2016** **£m**
Revenue	80.2	68.4
Cost of Sales	(0.6)	(0.5)
Gross Profit	79.6	67.9
Operating Expenses	(42.8)	(42.1)
Operating Profit attributable to shareholder returns	36.8	25.8
Interest Income	0.2	0.4
Profit before tax attributable to shareholder returns	37.0	26.2
Tax on ordinary activities	(7.1)	(5.4)
Profit after tax	**29.9**	**20.8**

Total gross profit in the financial year to 30 September 2017 increased by £11.7 million, or 17.2%, to £79.6 million from £67.9 million. This growth has been driven by the increase in value of funds under direction, which has resulted from strong new inflow growth and good market growth together with an increase in the number of tax wrappers held on the platform.

Components of Revenue for the financial year ended 30 September	**2017** **£m**	**2016** **£m**
Annual Commission Income	69.5	58.9
Wrapper Fee Income	7.3	6.5
Other Income	3.4	3.0
Total Revenue	**80.2**	**68.4**

Revenue comprises three elements, of these annual commission income and wrapper fee income constitute the recurring revenue. Other income includes 'buy commission' and 'dealing income'.

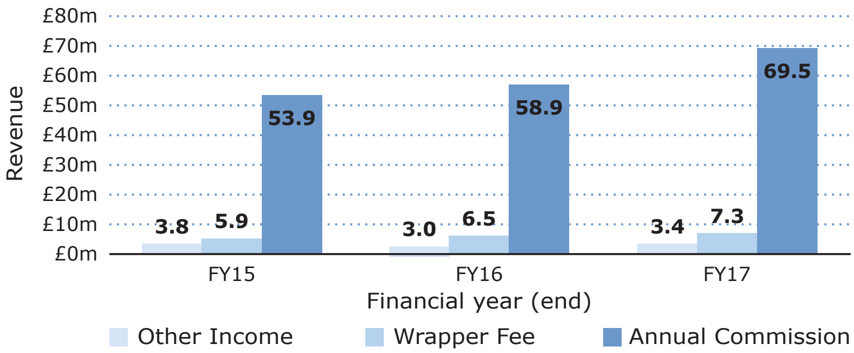
Annual commission income increased by £10.6 million, or 18.0%, to £69.5 million in the financial year ended 30 September 2017. This growth was due to the increased value of FUD arising from strong new inflow growth, and market growth. This increase in annual commission income has been achieved even after allowing for the reduction in the annual commission rate charge effective from 1 April 2017.

Wrapper administration fee income increased by £0.8 million, or 12.3%, to £7.3 million in the financial year ended 30 September 2017. This was due to an increase in the number of clients on the platform with open tax wrappers and new tax wrappers opened in the year by clients already using Transact at the start of the financial year. This has been offset by wrappers being closed.

These recurring revenue streams constituted 95.8% (2016: 95.8%) of total fee income.

Other income, including transactional revenue, increased by £0.4 million, or 13.3%, to £3.4 million in the financial year ended 30 September 2017. This was due to an increase in the number of transactions, and the average value of those transactions.

INTEGRAFIN – REVENUE



Operating Expenses for the financial year ended 30 September	**2017** **£m**	**2016** **£m**
Staff Costs	30.5	25.5
Occupancy	3.5	3.2
Regulatory and Professional Fees	4.5	4.6
Other Costs	3.7	6.9
Total Expenses	42.2	40.2
Depreciation and Amortisation	0.6	1.9
Total Operating Expenses	**42.8**	**42.1**

Total operating expenses increased by £0.7 million, or 1.7%, to £42.8 million in the financial year ended 30 September 2017 compared to £42.1 million in the financial year ended 30 September 2016. This increase was due to general inflation of staff costs, a small increase in staff numbers, in part offset by a reduction from the full year effect of the acquisition of IAD and subsequent Group reorganisation.

Staff costs increased by £5.0 million, or 19.6%, to £30.5 million in the financial year ended 30 September 2017 compared to £25.5 million in the financial year ended 30 September 2016. There are several factors affecting staff costs in this period. This is the first full year following the acquisition of IAD, our development company, in July 2016, which added 65 staff to the Group. This acquisition reduced other costs by £2.4 million. We believe this acquisition will generate a long-term benefit for the Group, bringing experience and capability in house, giving us full control over our platform offering and software costs.

The average number of staff employed by the Group increased from 442 to 451 over the financial year, reflective of the increase in business volumes and our commitment to maintaining premium service. There were general inflation increases in staff costs as well as a budgeted increase in the percentage of salary paid by the Group to the staff money purchase pension arrangement.

Depreciation and amortisation costs decreased by £1.3 million, or 68.4%, to £0.6 million compared to £1.9 million in the prior financial year. This decrease was due to the amortisation of the platform intellectual property ceasing in July 2016, resulting in a cost reduction of £1.3 million. Depreciation charges increased marginally in the year due to the fixed assets brought into account on the acquisition of IAD.

Total capitalised expenditure for the financial year was £0.4 million compared with £1.5 million in the prior year. This was mainly attributable to our policy of replacing information technology hardware on a regular cycle with a small amount also spent on office refurbishment.

Profit before tax attributable to shareholder returns

Over the course of the year we have continued to invest in our infrastructure and people, delivering award-winning service to our advisers and clients, whilst also implementing charge reductions that have lowered the costs to our clients. This has been achieved whilst also increasing our operating margin from 37.8% to 45.9%.

Profit before tax increased by £10.8 million, or 41.2%, to £37.0 million in the financial year ended 30 September 2017 compared to £26.2 million in the prior financial year. This is reflective of our strong operating performance delivering significant inflow growth and expense control.

As required by IFPRU 9.1.3, IntegraFin's consolidated net return on assets, calculated as net profit divided by total balance sheet is 29% in 2017 (2016: 24%).

Tax

Tax on ordinary activities described below comprises solely the Group's 'shareholder corporation tax' which is distinguished from the 'policyholder tax' that the Group collects and remits to HMRC in respect of ILUK, which is taxed under the "I minus E" tax regime.

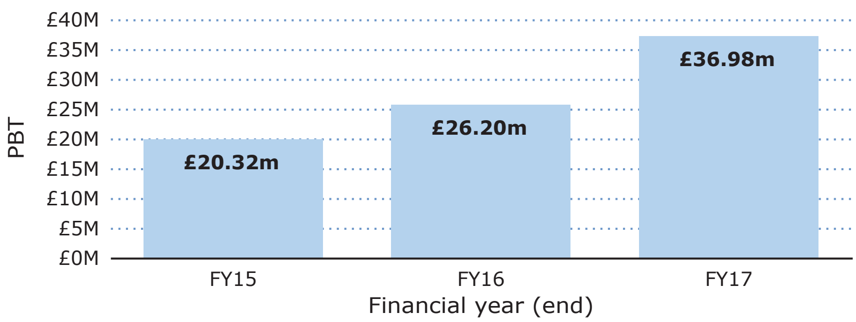
Whilst the Group has operations in three tax jurisdictions, UK, Australia and Isle of Man, Group profits are therefore varyingly subject to tax at three different rates, the vast majority of the Group's income is earned in the UK.

Taxation increased by £1.7 million, or 35.6%, to £7.1 million in the financial year ended 30 September 2017 compared to £5.4 million in the prior financial year. Due to a reduction in the UK standard rate of corporation tax, effective from 1 April 2017, the effective rate of tax over the period reduced to 19.2% from 20.2%. Our tax strategy is published on our website at www.integrafin.co.uk.

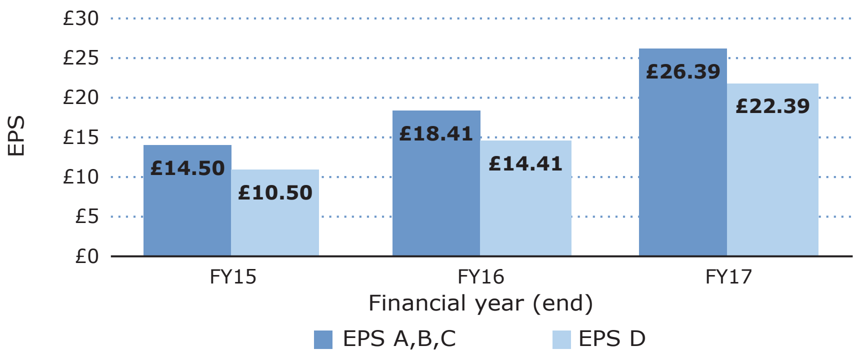
Earnings continue to show growth, increasing by 43% from £18.41 per share to £26.39 per share, for the A, B and C shares, demonstrating the continuing strength of the business and reflecting the strong performance over the year.

Earnings per share for the financial year ended 30 September	**2017 £m**	**2016 £m**
Operating Profit attributable to shareholder returns	36.8	25.7
Interest Income	0.2	0.5
Profit before tax attributable to shareholder returns	37.0	26.2
Tax on ordinary activities	(7.1)	(5.4)
Profit after tax	29.9	20.8
Ordinary A, B, C shares – earnings per share (Pounds per share)	26.39	18.41
Ordinary D shares – earnings per share (Pounds per share)	22.39	14.41

INTEGRAFIN – PROFIT BEFORE TAX



INTEGRAFIN – EARNINGS PER SHARE



Liquidity and Capital Management

The Group monitors its liquidity position on a regular basis, having cognisance to cash and cash equivalent holdings and levels of outgoings. At 30 September 2017 the Group held £105.8 million cash and cash equivalents compared with £90.6 million at 30 September 2016.

Cash is used to expand the business through: continued organic growth, paying the operating expenses of the business; further enhancing the premium service; further developing the resilience of the Group's systems through investment in technology and infrastructure; and paying shareholder dividends.

There are three regulated entities within the Group, a UK investment firm and two life insurance companies, one in the UK and one in the Isle of Man. Each regulated entity is required to maintain a minimum level of regulatory capital. Cash is chosen as the main deployment of regulatory capital required by the regulated subsidiaries. The regulatory capital for insurance companies under the Solvency II regime is based on a modelled stressed value-in-force concept for the business, rather than on the accounting concept of capital. The solvency requirements for Isle of Man insurance companies are due to change with effect from 30 June 2018.

Regulatory Capital for the financial year ended 30 September 2017	**Regulatory Capital Requirement £m**	**Allowable Capital Resource £m**
IFAL	14.2	34.7
ILUK	134.9	154.0
ILInt (Current requirement)	4.1	13.5
ILInt (Estimate based on proposed new rules)	17.5	31.9

The table above details the regulatory capital requirement for each of the Regulated Subsidiaries.

Consolidated Capital for the financial year ended 30 September 2017	**£m**
Shareholder funds	102.5
Goodwill, intangibles and other deductibles	(16.8)
Available capital pre dividend	85.7
Dividend provision	19.4
Available capital post dividend	66.3
Estimated capital for regulatory capital requirements[4]	38.4
Estimated surplus	27.9

Note that for the purpose of this estimate, ILUK's capital has been taken using the accounting concept of capital, rather than on a Solvency II basis.

The Board considers the impact of prospective dividends on its regulatory capital requirements and risk appetite levels. Our Pillar 3 document contains further details and can be found on our website at www.integrafin.co.uk

Dividend for the financial year ended 30 September	**2017 £**	**2016 £**
Total ordinary dividend	19.4m	13.5m
Dividend pounds per A, B and C class shares	17.18	12.00
Dividend pounds per D class share	13.18	8.00

[4] Estimated capital required to cover regulatory capital requirements takes consideration of COREP, Solvency II and Isle of Man life insurance capital requirements.

Viability Statement

The Directors have assessed the Company's prospects by reference to the three-year planning period to September 2020, and have reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due over the period of this assessment.

The Directors' assessment has been made with consideration and reference to: the Group's current position and business plan; the Group's risk appetite; the Group's financial projections; and the Group's principal risks and uncertainties, as detailed in the Strategic Report.

It is the Board's view that a three year time horizon is an appropriate period over which to assess its viability and prospects, and to execute its business plan. This assessment period is consistent with the Group's current business plan projections and the ICAAP and ORSAs of the Group's regulated entities.

The strategy and business plan is approved annually by the Board and updated as appropriate. It considers the Group's profitability, cash flows, capital requirements, dividend payments, and other key variables such as liquidity and the solvency requirements of the regulated entities. These are considered under stress and scenario tests to ensure the business has sufficient flexibility to withstand such impacts by adjusting its plans within the normal course of business.

RISK AND RISK MANAGEMENT

Overview

Risk management assists the Board in understanding its current and future risks and provides appropriate risk management information that is incorporated into its strategic decision making and business planning processes. Risk management activities encompass all financial, strategic and operational risks that may prevent IntegraFin Holdings Limited (the Company) and the Group from fulfilling their business objectives. Given the nature of the activities undertaken by the Group, the key risks that the Company faces are financial risks (comprising market risk, liquidity risk, outflow risk, expense risk and credit risk) and non-financial risks (comprising regulatory risk, operational risk, competition risk, geopolitical risk andreputational risk).

The Chief Executive Officer, supported by the Chief Financial Officer, is responsible for executing the strategy set by the Board within the risk appetite defined by the Risk Committee of IFAL (Risk Committee) and approved by the Boards of Directors of each of IFAL, ILUK and ILInt (collectively known as the "Regulated Subsidiaries"). The Chief Financial Officer reports directly to the Chief Executive Officer and is additionally accountable to the Board and the Group's regulators for the effective management of risk across the business. The Chief Financial Officer is responsible for overall management of risk controls, including the monitoring of risk exposures, reporting in relation to risk management arrangements and for assessing the adequacy and effectiveness of policies and procedures designed to detect any risk of failure by any of the Regulated Subsidiaries to comply with their obligations under the regulatory system.

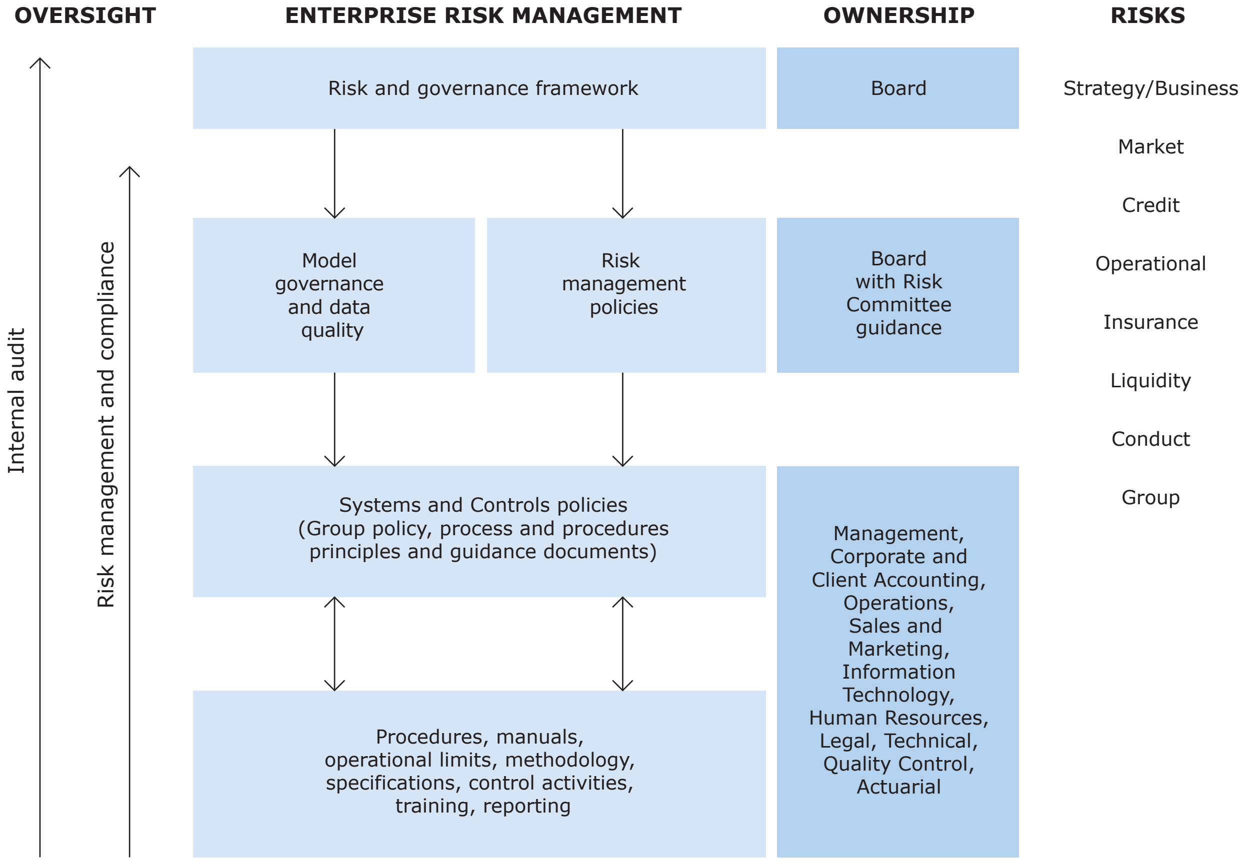
The Group has a prudent capital management approach and currently invests shareholder assets in high quality, highly liquid, short-dated investments.

How risks are managed

The Risk Management Policy provides general guidelines for the design and implementation of the Risk Management Framework with the Board responsible for establishing the risk strategy and Senior Management responsible for its implementation. The Risk Management Policy is overseen by the Chief Financial Officer and is reviewed at least on an annual basis. All material changes to this policy are considered by the Risk Committee and approved by the Board.

The Board is responsible for, and provides oversight of, the Group's Risk Management Framework with guidance provided by the Risk Committee. The Group has established its framework with consideration of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Framework Principles, providing a consistent, pro-active approach to identification, assessment, mitigation and reporting of risks throughout the Group.

The Group's Risk Management Framework is shown below:



Risk appetite

The Group's risk appetite is the degree of risk that the Regulated Subsidiaries are prepared to accept in pursuit of their strategic and operational objectives. The Group's Risk Management Policy and Framework provides the mechanism to define the Group's risk appetite. The Group has generally adopted an overall conservative approach which is reflected in its risk appetite values and preferences and in the overall approach to risk management. The Group's risk preferences can be articulated as follows:

- the Group ensures risks that are taken are aligned with its strategic aims and provide an acceptable level of return
- the Group accepts certain risks and ensures that these are appropriately managed, mitigated and monitored
- the Group has a preference for products with low capital requirements and without financial guarantees. Additionally, the Group has a preference for secondary market risk through charges determined based on clients' portfolio values. This is central to the Group's proposition and it accepts the potential impact on financial performance
- the Group 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 Group has no risk appetite for unfair client outcomes arising from systematic failures in its cultural outlook or in any element of the client life cycle; and
- the Group has a zero risk appetite for material regulatory breaches.

The actual risk exposures of the Regulated Subsidiaries are regularly assessed by the Group's Risk Management function against risk appetite using a comprehensive set of key risk indicators and reported to the Risk Committee and Senior Management.

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.

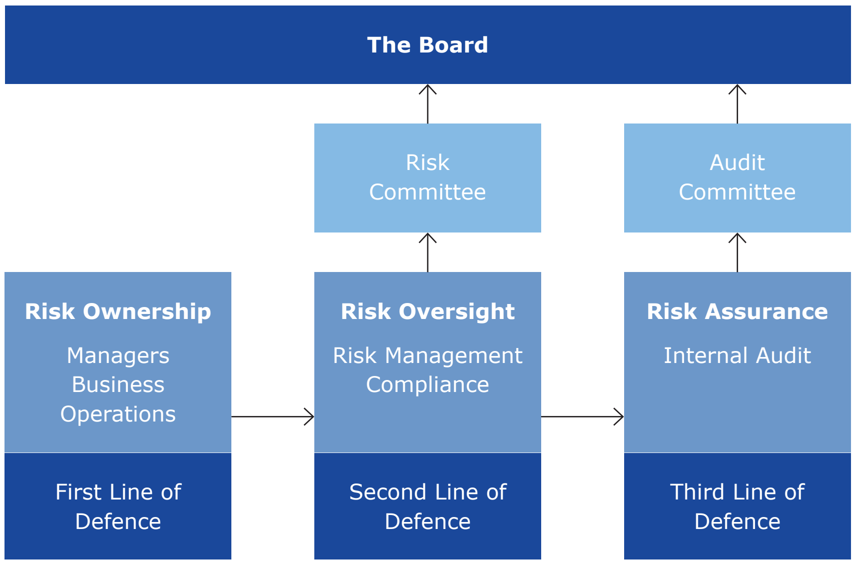
The Risk Committee is made up of independent Non-Executive Directors (NEDs) and is responsible for reviewing the manner in which the Group and the Regulated Subsidiaries implement, and monitor the adequacy of, the Risk Management Framework. The Risk Committee also assists in fostering a culture that 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 "top-down" and "bottom-up" approach to managing risks through regular assessments, monitoring (including horizon scanning) and reporting in conjunction with Senior Management and risk owners.
The Risk Management function reports to the Risk Committee, on at least a quarterly basis, information and analysis on the key risks the Group faces (including forward-looking risks), capital requirements and comparison against risk appetite.
The Chairman of the Risk Committee then provides a summary to the members of the Boards.

The "three lines of defence" risk governance model

For risk management to be effective it is important that the roles and responsibilities of all those involved are clearly defined. Accordingly, the Group's Risk Management Framework is designed along the "three lines of defence" model (illustrated below), which aims to ensure at least three stages of oversight to ensure that the Regulated Subsidiaries operate within the risk appetite defined by the Risk Committee and approved by the Boards of Directors of each of the Regulated Subsidiaries.

THE "THREE LINES OF DEFENCE" RISK GOVERNANCE MODEL OF THE REGULATED SUBSIDIARIES:



First line of defence

The Group’s first line of defence is its business departments which have responsibility for managing and controlling their risks in accordance with agreed risk appetites through the implementation of a sound set of processes and controls.

Responsibility for risk management resides at all levels within the Group’s business lines, from the Senior Management Team to department and team managers. All staff members are accountable for managing risks within the business areas for which they are responsible, ensuring compliance with prescribed company plans, policies and prevailing regulatory and legislative requirements.

The business lines are also responsible for complying with the policies and standards which comprise the Group’s Risk Management Framework. Current key risks and issues facing the Group are considered by the Management Team, with each key risk owned by the member of the Management Team who is responsible for the strategic management of that risk across the Group.

Second line of defence

The Group’s second line of defence comprises of two functions: the Risk Management function and the Compliance function.

The Risk Management function is responsible for co-ordinating all the risk management activities within the business. This includes the development, maintenance and enhancement of the Risk Management Policy and Framework, as well as Risk Management reporting. The Risk Management function provides regular risk reports to the Risk Committee, which is comprised solely of NEDs.

The Compliance function is primarily responsible for supporting the Group to ensure that its activities are conducted in accordance with all applicable regulatory requirements.

Third line of defence

The Group’s third line of defence is the Internal Audit department, which provides independent assurance on the adequacy and effectiveness of the Group’s risk management and major business process control arrangements. The Head of Internal Audit reports directly to the Chairman of the Audit Committee, which is comprised solely of NEDs.

Internal Audit conducts regular audits on the implementation and effectiveness of the Risk Management Policy and Framework across the business. The results of these audits are reported to the Audit Committee and the Board. The Board is satisfied that Internal Audit provides sufficient assurance about the Risk Management Policy and Framework.

Solvency II

ILUK has fully embedded the requirements of the Solvency II regime which came into force on 1 January 2016. The new regulations brought 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 has not adopted any of the Transitional Provisions in the calculation of the Solvency II balance sheet or SCR. As at 30 September 2017, ILUK has Own Funds of £154m and an SCR of £135m which gives a solvency coverage ratio of 114%.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Company is exposed 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 are the underlying financial performance and solvency position of IFAL and its regulated subsidiaries, provided in the relevant supplementary accounts. In summary, due to the nature of the business written by IFAL and the other regulated subsidiaries, profitability arises primarily from charges on the assets held in the portfolios less the expenses of administering those portfolios. As a consequence, the predominant risks to which the Company is exposed are market risk, liquidity risk, outflow risk, expense risk and operational risk. The Company seeks to limit its exposure to these and any other applicable financial and non-financial risks.

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

FINANCIAL RISKS

KEY RISK DESCRIPTION	MANAGEMENT AND CONTROLS
Market risk – the impact changes in equity and property market values, currency exchange rates, credit spreads, interest rates and inflation, may have on the value of clients' portfolios, resulting in a reduction in future charges or an increase in future expenses.	The upstream of capital to the Company is exposed to second order impacts from market movements as future charges are predominantly determined based on clients' portfolio values. The Regulated Subsidiaries of the Group do not offer any guarantees on portfolio values and currently invest their 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.
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.	The Company's principal liquidity risk is limited to paying out dividends and operating expenses as they occur. 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.
Outflow risk – loss of future profits due to more clients than expected terminating policies or more outflows (e.g. withdrawals or transfers) than expected.	The Group seeks to mitigate outflow risk by focusing on providing the highest level of service that it can. 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, which can occur due to costs increasing 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. Expense risk is mitigated through regular stress testing, monitoring of expenditure and closely managing expenses in line with the business plan.

NON-FINANCIAL RISKS

KEY RISK DESCRIPTION	MANAGEMENT AND MITIGATION
Regulatory risk – the risk of new regulatory requirements having adverse impacts on the Group's business model, or the Group failing to comply with existing or new regulations resulting in a fine or regulatory censure.	Regulatory risk is mitigated through regular monitoring of regulatory developments and maintaining open and transparent dialogue with the regulators to which the different regulated subsidiaries are subject. On-going compliance with existing rules is monitored by the Compliance function with additional assurance provided by the Internal Audit function for the key regulatory risks on a regular basis.
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 client 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. However, through close monitoring of developments through its risk horizon scanning process, potential impacts are taken into consideration as part of the business planning process.
Reputational risk – the risk that current and potential clients' desire to do business with the Group reduces due to perception of the Transact service in the market place.	The Risk Management Framework provides the monitoring mechanisms to ensure that reputational damage controls operate effectively and reputational risk is mitigated, to some extent, by internal operational risk controls, error management and complaints handling processes as well as root cause analysis investigations.

CORPORATE SOCIAL RESPONSIBILITY

IntegraFin demonstrates its social responsibilities primarily through its relationship, as ultimate parent company, with companies in its Group that operate ethically and deliver commercial benefits to customers, shareholders and staff. IntegraFin also acknowledges its responsibilities more widely in relation to the Company's effects on environmental and social wellbeing.

Culture

Transact was founded on the principle of offering adviser firms and clients a high quality service with transparent charging (for clients in relation to payment for platform services and adviser firms' services) and a demonstrably agnostic attitude to clients' investment choice. This ethical approach informs all of the Group's business principles.

Environment

IntegraFin has a limited direct impact on the environment. However, we still take steps to reduce our environmental impact by encouraging adviser firms and clients to use electronic rather than paper based instruction delivery, by encouraging staff to reduce consumption of electricity, other utilities and paper and by recycling waste materials.

Community

We organise a variety of events each year to raise money for, and awareness of, a number of charities chosen from staff suggestions. We do not make political donations.

The Group also makes tax payments. The UK corporation tax and employer's national insurance payable in respect of the year ended 30 September 2017 was £9.2 million. In addition other taxes such as VAT and business rates were paid.

This Strategic Report (up to page 27) was approved by the Board of Directors on 12 December 2017 and signed on its behalf by

David Johnson
Company Secretary

BOARD OF DIRECTORS TO 30 SEPTEMBER 2017

Michael Howard
Executive Chairman

Appointed:
24 January 2014

- Executive Chairman of the Group from 2001 until stepping down in October 2017 and becoming Executive Director. Prior to this he was the Managing Director from April 1999 to December 2001
- Founded ObjectMastery in Australia in April 1992 which developed the software powering Transact

Experience includes:

- Norwich Union Life Insurance – launched platform Navigator in 1990, Managing Director of Norwich Australia Asset Management from 1989-1992, Marketing Development Manager 1988-1989 and Accounts & Company Secretary 1986-1988
- Touche Ross – Audit division in Melbourne office 1984-1986, in the UK 1980-1984.

Ian Taylor
Chief Executive Officer

Appointed:
24 January 2014

- CEO of the Group since April 2002, prior to which he was Executive Director and General Manager from 1999 to 2002

Experience includes:

- AIB Govett Asset Management – Marketing Director 1992-1999
- Royal Life Holdings Group – Marketing Development Manager 1990-1992, Business Planning Manager 1988-1990.

Alexander Scott
Group Director

Appointed:
24 January 2014

- Group Director since May 2013
- CFO and Head of Risk from November 2010 to May 2013
- Joined the Group as Actuary and Head of Group Technical Operations in October 2009

Experience includes:

- Sterling Insurance Group – Life Director and Chief Actuary 2004-2009
- Criterion Assurance Group – Non-Executive Director 2003-2010, Group Director 2002-2003, Director 1999-2002, Actuary 1997-1999
- National Provident Institution – Actuarial Division 1991-1997.

Judith Davidson
Chief Operating Officer

Appointed:
24 January 2014

- COO of the Group since November 2010

Experience includes:

- Symbiotic Consulting – Founder and Managing Partner 2009 to present
- Sodexo UK – Client Relations and Commercial Director 2005-2009, Director of Strategy UK & Ireland 2002-2005, SAP Implementation Director 2000-2002, UK & Ireland Sales Director 1997-2000, Divisional MD, Business and Industry 1996-1997, Managing Director Education 1995-1996
- Gardner Merchant – Sales and Operational Roles 1986-1995
- Trust House Forte Airport Services – Operational Roles 1983-1986.

Christopher Munro
Non-Executive Director

Appointed:
29 March 2017

Experience includes:

- London and Continental Partners LLP – Founding Partner 2016
- Beckwith Asset Management – Director 1994 to 2016
- Pacific Capital Partners – Director 2004 to present
- Jupiter Enhanced Income Trust – Director 1996 and 2009
- River & Mercantile Investment Management – CEO 1994-1996
- Robert Fleming Holdings Limited – Director 1988 and 1994
- Jardine Fleming Holdings – Director 1983-1986.

Committees:
Remuneration Committee,
Risk Committee,
Regulatory Compliance Committee,
Audit Committee.

Neil Holden
Non-Executive Director

Appointed:
24 January 2014

Experience includes:

- Saffron Building Society – Non-Executive Director since 2014
- Calmindon Ltd – Director since 2010
- Stanbic International Insurance Limited – Non-Executive Director since 2003
- Bank of London and The Middle East Plc – Non-Executive Director since 2006
- Quadrant Risk Management International Limited – Non-Executive Director 2006-2009
- Standard Bank Group and Standard Bank Plc – Consultant 2006-2008, Managing Director in Corporate and Investment Banking Financial Risk 1999-2006
- WestLB – Director and Head of Risk Management Support & Control 1996-1998.

Committees:
Remuneration Committee (Chair),
Risk Committee,
Regulatory Compliance Committee,
Audit Committee (Chair).

Appointment subsequent to 30 September 2017

Jeremy Brettell
Non-Executive Director

Appointed:
24 January 2014

Experience includes:

- Chair of Airdrie Savings Bank since 2015
- Chair of Guarantee Protection Insurance Ltd since 2014
- Chair of Anderson Strathern Asset Management since 2014
- Wesleyan Bank – Non-Executive Director and Chair of Audit Committee since 2013
- UnLtd – Audit Committee Member 2012–2014
- NHS Lothian – Non-Executive Board Member and Chair of Audit & Risk Committee 2012–2015
- Accountant in Bankruptcy – Non-Executive Board Member and Chair of Audit Committee 2012–2014
- Helvetia Wealth Management – Strategy Consultant 2011-2012
- SL Investment Management Ltd – Chief Executive 2006-2012.

Committees:
Remuneration Committee,
Risk Committee (Chair),
Regulatory Compliance Committee,
Audit Committee.

Stuart Bazley
Non-Executive Director

Appointed:
24 January 2014

Experience includes:

- Visiting Professor in Financial Regulation and Compliance at BPP 2008-present
- IFAL – Head of Compliance 2011-2012
- IFAL – Consultant 2010-2011 and 2012-2013
- Momenta – Head of Regulatory Consulting 2004-2008
- Edward Jones – UK General Counsel and Compliance Director 1999-2004
- Irish Life Assurance UK – Legal Adviser, Head of Legal and Compliance and Money Laundering Reporting Officer 1991-1996.

Committees: Remuneration Committee, Risk Committee, Regulatory Compliance Committee (Chair), Audit Committee.

Patrick Snowball
Non-Executive Chairman

Appointed:
1 October 2017

Experience includes:

- Dabre Insurance Group plc – Non-Executive Chairman 2017 to present
- Aviva UK – CEO 2005-2007
- Suncorp Group Limited – CEO 2009-2015
- Towergate – Deputy Chairman 2007-2008
- Jardine Lloyd Thompson plc – Non-Executive Director 2008-2009
- Member of the Financial Services Authority (UK) Practitioner Panel, representing Life and General Insurance, 2006-2008.

CORPORATE GOVERNANCE REPORT

Governance Statement

IntegraFin Holdings Limited is not required to comply with the UK Corporate Governance Code (Code). Nevertheless, the Company's Board considers the terms of the Code in determining appropriate and proportionate corporate governance arrangements for the Company and its Group of companies by reference to the nature, scale and complexity of its business. Accordingly, the Group's corporate governance arrangements reflect the standards of practice required by the Group in relation to the management of the Group and are designed to:

- promote business effectiveness, efficiency, responsibility and accountability
- assist the effective review and monitoring of the Group's activities
- help identify and mitigate significant risks to the Group; and
- provide the disclosures to stakeholders necessary to make a meaningful analysis of the Group's business activities and its financial position.

Board of Directors

Michael Howard
Executive Chairman

Ian Taylor
Chief Executive Officer

Alexander Scott
Group Director

Judith Davidson
Chief Operating Officer

Neil Holden
Independent Non-Executive Director

Jeremy Brettell
Independent Non-Executive Director

Stuart Bazley
Independent Non-Executive Director

Christopher Munro
Independent Non-Executive Director

A number of resignations and appointments have taken place since the financial year end in preparation for listing IntegraFin on the London Stock Exchange in 2018. On 1 October 2017 Michael Howard stood down as Chairman of IntegraFin and the Boards of IFAL, ILUK and ILInt. On the same date, Patrick Snowball was appointed as Non-Executive Chairman of IntegraFin and IFAL. Jeremy Brettell, Stuart Bazley and Judith Davidson stepped down from the IntegraFin Board on 1 October 2017 but continue to be Directors of IFAL.

The Role of the Board

Board Leadership

The Board is responsible for the leadership and management of the Group. The Board oversees the Company's business affairs, the maintenance of internal controls, and compliance with statutory obligations. Michael Howard has chaired the Board since the Company's incorporation in January 2014. The Board comprises four Executive Directors (including the Chairman) and four NEDs.

Matters reserved to the Board

The Board's remit is documented in its terms of reference which includes details of matters reserved to the Board and matters delegated by the Board. The terms of reference including matters reserved to the Board are reviewed and updated annually.

Board Meetings

The Board met each quarter, in accordance with its terms of reference. All members of the Board attended all Board meetings throughout the year.

Conflicts of interest

The Company's articles of association permit the Board to consider and authorise situations where a Director has an actual or potential conflict of interest in relation to the Group. The Company maintains a conflicts of interest register which is reviewed annually by the Board. In addition, prior to each Board meeting, the Directors are asked to declare any conflicts they may have with regard to the business meeting. Directors who declare a conflict of interest may be authorised by the rest of the Board to participate in decision making in accordance with section 175 of the Companies Act 2006.

Board effectiveness

The Board undertakes a review of its effectiveness each year. At the next Board meeting the Directors discuss the findings and agree any action points arising.

Re-election of Directors

The Company's articles of association require Directors to retire by rotation at each annual general meeting (AGM) of the Company. Directors required to retire and seek reappointment are those who have been appointed by the Board since the last AGM and who were not appointed or reappointed at one of the preceding two AGMs.

Shareholder engagement

The Board provides a detailed annual communication to shareholders which includes a business update and financial performance results.

Annual General Meeting

The AGM provides shareholders with a further opportunity to communicate with the Board both during the AGM and informally afterwards. Notice of the AGM is sent in accordance with the Companies Act 2006 and made available on a dedicated shareholder website along with any other relevant documentation.

Group Committees

The Board delegates relevant matters to the Audit, Strategy and Risk Committees for consideration. Independently, the Boards of Integrated Financial Arrangements Ltd, IntegraLife UK Limited and IntegraLife International Limited (the regulated companies in the Group) have delegated relevant matters to a Regulatory Compliance Committee and a Remuneration Committee.

AUDIT COMMITTEE REPORT

Annual Statement by the Chairman of the Audit Committee.

I am pleased to present the Audit Committee's report for 2017.

The Audit Committee has worked closely with the Risk Committee and Regulatory Compliance Committee to ensure the Group maintains robust controls. It has overseen the integrity of the financial reporting process and reviewed the work of both external and internal auditors.

Role of the Audit Committee

The role and responsibilities of the Audit Committee are set out in its terms of reference and are summarised below:

- monitoring the integrity of the Group's financial reporting process
- ensuring the integrity of our Annual Report and Financial Statements
- reviewing the manner in which the Group implements, and monitors the adequacy of, internal financial and operational controls
- monitoring and reviewing the effectiveness of the Group's Internal Audit function
- reviewing external audit arrangements and making recommendations to the Board regarding any changes to the external auditor as well as review and approval of their remuneration and terms of engagement
- reviewing and monitoring the independence and objectivity of external auditors as well as the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.

The Committee reports its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. However, the Board retains ultimate responsibility for reviewing and approving financial reports and other public statements.

Composition of the Audit Committee

The members of the Audit Committee at 30 September 2017 were:

Neil Holden
– Chairman (Chartered Accountant)
– appointed 9 February 2011

Jeremy Brettell
– appointed 16 July 2012

Stuart Bazley
– appointed 20 May 2015

Christopher Munro
– appointed 1 February 2017

All members of the Committee, including the Chairman, are independent Non-Executive Directors.

On an on-going basis, membership of the Committee is reviewed by the Chairman of the Committee and any recommendations for new appointments are made to the IFAL Board.

In adherence with the UK Corporate Governance Code requirement to include at least one Committee member with recent and relevant financial experience, the Audit Committee Chairman is a fully qualified chartered accountant.

The Group also provides initial and on-going training for new and existing Committee members to support them in carrying out their duties effectively. This is delivered by in-house technical staff, through attendance at formal conferences, and an online training programme.

Meetings and attendance

The Audit Committee meets at least three times each year but more frequently when required. The Committee regularly meet in private with external and internal auditors. The Committee met eight times during this financial year. Attendance by each member of the Committee at 30 September 2017 is set out below.

MEETING ATTENDANCE	Eligible to attend	Meetings attended
Chairman		
Neil Holden	8	8
Members		
Jeremy Brettell	8	8
Stuart Bazley	8	8
Christopher Munro	5	3

The Group Chief Executive Officer, Group Chief Financial Officer, Group Counsel and Group Head of Internal Audit are routinely invited to, and attend, the majority of meetings, although the Committee reserves the right to request any of these individuals to withdraw. The external auditors for the Group and Life Companies (BDO and KPMG respectively) also attended specific Committee meetings for external audit planning and reporting purposes.

In between the formal schedule of meetings the Committee Chairman keeps in regular contact with the Group Chief Executive Officer, Group Chief Financial Officer, Group Head of Internal Audit, and the Senior Engagement Partners of the Group's two external audit firms (BDO and KMPG).

Overview of the actions taken by the Audit Committee to discharge its duties

The Audit Committee has focused on four main areas during the year:

- Financial Reporting
- Internal controls and key risks
- Effectiveness of internal audit
- Effectiveness and independence of the external auditor.

The Audit Committee has also conducted a self-assessment of its own effectiveness for the year and was satisfied with the results achieved and has agreed actions where improvements were suggested.

Financial reporting

The financial reporting undertaken by the Group has been reviewed and challenged by the Committee, with input and support from the Group's external auditors. It assessed whether suitable accounting policies have been adopted, whether management have made appropriate estimates and judgements and whether disclosures in published financial statements were fair, balanced and understandable.

As part of its work during the year, the Committee, on behalf of the Board, has examined the Annual Report and Financial Statements, related disclosures, consistency of accounting policies and the financial reporting process. This included the review and approval of the Annual Report, and consideration of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Going Concern statement and the Statement of Cash Flows, with an emphasis on ensuring that these are fair, balanced and understandable.

The Committee did this by ensuring there was a thorough process of challenge, including challenge by the Committee itself. The Committee's own challenge process included questioning the Group Chief Executive Officer on the overall messages and tone of his review statement, examining and challenging reports from both management and the external auditor relating to the Annual Report, and reviewing consistency with internal reports presented to the Board by management, the Group Chief Financial Officer, Group Head of Internal Audit and Group Chief Risk Officer during the year. Following this assessment the Committee recommended to the Board that the 2017 Annual Report and Financial Statements are fair, balanced and understandable.

Internal controls and key risks

The Audit Committee receives reports at each meeting from the Group Internal Audit function. The content and accuracy of these reports was assessed and challenged by the Committee to ensure that management takes appropriate and prompt action to address audit findings and we monitor management's progress in implementing the agreed actions.

The Group will be audited for the first time this year under the FRC's new standard regarding CASS assurance reports. This Committee has discussed the impact of the new standards and is satisfied that they have been dealt with appropriately.

Effectiveness of Internal Audit

The Audit Committee assists the Board in determining the adequacy of the resourcing and plans, and the ongoing effectiveness, of the Internal Audit function. The Internal Audit function presents its Annual Audit Plan, using a risk based approach, to the Committee once a year for prioritisation and approval. The Annual Audit Plan is then reported to the Audit Committee on a quarterly basis for review against changing risks to the Group and for tracking its completion.

Having conducted a review of the Internal Audit department the Committee considers that its resources and plans are appropriate for both its resources and plans. In line with the recommendation by the Institute of Internal Auditors whereby an external review of the Internal Audit function should be carried out no less than every five years, our Internal Audit function had a satisfactory external review carried out in February 2017.

The Audit Committee met with the Head of Internal Audit privately this year in order to discuss any matters directly in the absence of management.

Effectiveness and independence of the external auditor

The Audit Committee has primary responsibility for the Group's relationship with the external auditors (BDO and KPMG) and for monitoring their independence, objectivity and compliance with ethical and regulatory requirements.

There were non-audit fees during 2017 paid to BDO of £105,800 (2016: £153,650). The non-audit fees paid to BDO related to quarterly reviews, pension reviews, the annual CASS audit, and other assurance assignments. Non-audit fees paid to KPMG during 2017 were £100,300 (2016: £105,400). The non-audit fees paid to KPMG related to quarterly reviews, and a Solvency II audit.

Fees paid to BDO for the audit for 2017 were £111,800 (2016: £109,500), and audit fees paid to KPMG were £98,800 (2016: £96,400).

There are no contractual or similar obligations restricting the Group's choice of external auditors and the Group's external auditors, BDO and KPMG, have both confirmed to the Committee that they remain independent.

In line with the EU audit regulations our UK life insurance subsidiary (ILUK), as a Public Interest Entity, was required to put its external audit engagement to formal tender (as the engaged auditors had been in place for 10 years). Following a competitive tender process carried out in 2017 KPMG were re-appointed as the external auditor to ILUK, and also to our Isle of Man life insurance subsidiary (ILInt). The tender process included assessing the auditor's audit approach and delivery, the composition of the engagement team, audit quality and fees and terms.

The Audit Committee met with both external auditors privately this year in order to discuss any matters directly in the absence of management.

The Committee is satisfied with the performance and effectiveness of BDO and KPMG and has concluded that they both continue to display the necessary attributes of independence and objectivity.

On behalf of the Audit Committee

Neil Holden
Chairman of the Audit Committee

12 December 2017

DIRECTORS' REMUNERATION REPORT

Annual Statement by the Chairman of the Remuneration Committee.

I am pleased to present a report relating to the activities of IFAL's Remuneration Committee in 2017.

During this year, as in previous years, the Committee's primary activities have been to review, set or agree (as detailed in the Committee's terms of reference), overall remuneration and that of senior individual officers as required by the Remuneration Code. It has done so with a view to aligning remuneration with the successful achievement of the Group's long-term objectives while taking into account relevant regulatory requirements, market rates and value for money.

The Group provides a simple remuneration package for all staff consisting of base salary, annual bonus and a benefits package (including pension contributions). There is no long-term incentive plan.

The anticipated total bonus pool is accrued during the year as a percentage of the Group's total base salary costs based on forecasted financial performance and post-tax profits for the year.

After the end of the financial year the Group's financial performance is reviewed before bonuses are awarded. Individual payments are expressed as a percentage of base salary. Individual awards may be increased by reference to individual performance but the majority of the bonus payment is determined by reference to the Group's financial performance.

A relatively low proportion of remuneration is paid in the form of bonus. Payments are generally made in three tranches over a period of six months after the year end. The Group's business model ensures that profit is quickly translated to cash and therefore the Committee deems that these timescales are appropriate.

As part of the process of listing IntegraFin's shares, it is anticipated that IntegraFin will establish its own Remuneration Committee.

On behalf of the
IFAL Remuneration Committee

Neil Holden
Chairman of the IFAL Remuneration Committee

12 December 2017

RISK COMMITTEE REPORT

Annual Statement by the Chairman of the Risk Committee

I am pleased to present a report of the Risk Committee's activities in 2017.

During another busy financial year the Risk Committee has reviewed and considered a wide range of topics including information technology security and cyber risks, client money management, risk appetite frameworks (including conduct risk) and the impact of the UK voting to leave the EU. Additionally, the Committee recommended for approval the IFAL Internal Capital Adequacy Assessment Process (ICAAP) to the IFAL Board, the ILUK Own Risk and Solvency Assessment (ORSA) to the ILUK Board and the ILInt Individual Capital Assessment (ICA) to the ILInt Board.

Role of the Risk Committee

The Committee is a committee of the Board of IFAL and assesses known and foreseeable risks seeking to anticipate future issues, enabling action to be taken to minimise the impact should any of those risks materialise. The Committee reviews the manner in which the Group implements, and monitors the adequacy of, the Risk Management Framework. It assists the regulated companies' Boards in fostering a culture within the Group that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk-based approach to management of the Group.

The role and responsibilities of the Committee are set out in its terms of reference and are summarised below:

- maintain oversight of the Group's risk management activities and monitor their effectiveness
- review annually the Group's overarching risk appetite and each company's specific risk appetites in relation to the Group's strategy
- identify risk trends, exposures or concentrations within the Group or individual companies within the Group that may necessitate policy changes
- review annually the Group's Risk Management Framework
- review annually and recommend to the regulated companies' Boards, for approval the Group's policies in relation to risk, including mitigation of the risks identified as a result of implementation of the Risk Management Framework
- review and challenge as necessary, at least half-yearly, management information reporting the status of the Group's risk profile – by reference to risk appetite, risk trends and risk concentrations – against the top risks as recorded in the Group Risk Register
- review the ICAAP, the ICA and the ORSA documents and Wind Down Plan for the Group; capital adequacy and regulatory capital usage; external risk disclosures including risk statements in the Annual Directors' Report and Financial Statements and Pillar 3 Disclosures; annual Internal Audit reports where they relate to the effectiveness of risk management operations
- review financial crime risk controls and remedial action taken regarding fraudulent activity
- review the Group's top risks and the progress of identified management actions to manage those risks that are outside appetite
- review the Departmental Risk Registers with the relevant Heads of Department with top risks and ensure that mitigating actions are progressing to completion
- review the risk mitigation techniques and approaches adopted by the companies and ensure that those mechanisms are appropriate and are in line with the Group's overriding business principles at least annually. This includes the appropriateness of decisions which have resulted in mitigation not being put in place
- review the effectiveness of the performance of the risk function and the adequacy of its resources
- escalate matters of relevance to the appropriate regulated companies' Boards.

The risk appetites of the Groups' businesses are determined by the regulated companies within the IntegraFin Group. The Committees' report their findings and any recommendations to the regulated companies' Boards.

Composition of the Risk Committee

The members of the Risk Committee at 30 September 2017 were:

Jeremy Brettell
– Chairman
– appointed 16 July 2012

Neil Holden
– appointed 9 February 2011

Stuart Bazley
– appointed 20 May 2015

Christopher Munro
– appointed 29 March 2017

All members of the Committee, including the Chairman, are independent Non-Executive Directors.

On an annual basis, membership of the Committee is reviewed by the Chairman of the Committee and any recommendations for new appointments are made to the IFAL Board.

Meetings and attendance

The Committee meets at least four times each year, there were five scheduled meetings during the financial year and additional ad-hoc meetings where required.
The attendance by each Director is set out in the table below.

The members of the Committee at 30 September 2017 who attended the five scheduled Committees held during the twelve month period were:

MEETING ATTENDANCE	Eligible to attend	Meetings attended
Chairman		
Jeremy Brettell	5	5
Members		
Stuart Bazley	5	5
Neil Holden	5	5
Christopher Munro*	2	2

*appointed to the Risk Committee on 29 March 2017.

The Chief Executive Officer, Chief Financial Officer/Chief Risk Officer, Group Counsel, Head of Quality Control, Head of Actuarial and Risk and Risk Manager are routinely invited to attend meetings, although the Committee may request any of these individuals to withdraw or call for additional attendees to provide amplification on specific risk matters.

Overview of the actions taken by the Risk Committee to discharge its duties

Risk reporting and risk profile discussions

The Risk Management function provides reports to the Committee at each meeting. During the 2016/2017 financial year the main topics discussed included: top risks, risk horizon scanning, risk appetite statements and assessments, bank account and custodian dashboard review and updates on the external environment following the UK's vote to leave the EU.

The Committee agrees that the Group's approach to risk continues to be appropriate.

ICAAP, ORSA and ICA

The Committee recommended for approval the ILUK ORSA to the ILUK Board and the ILInt ICA to the ILInt Board in November 2016 and the IFAL ICAAP to the IFAL Board in December 2016. As part of this, the Committee provided risk management challenge to key underlying processes including formulation of scenarios, stress and scenario testing, reverse stress testing and wind down plans.

Risk Management Policy and Framework

The Committee received a report from the Head of Actuarial and Risk regarding the improvements in the design and effectiveness of the Risk Management Framework. This included the expansion of related risk policies and further linking the Group's business principles to the regulated companies' risk appetite frameworks.

Risk effectiveness

The Committee has ensured that the Risk Framework has been implemented successfully and adhered to appropriately in the 2016/2017 financial year. In addition, the Internal Audit function issued an Annual Report on the overall effectiveness of the governance and risk and control framework of the regulated companies. The Annual Report concluded that overall the regulated companies' documented risk and control governance framework is effective at mitigating the major risks to the Group.

On behalf of the Risk Committee

Jeremy Brettell
Chairman of the Risk Committee

12 December 2017

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 30 September 2017.

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

N J Holden

C I C Munro
(appointed 1 February 2017)

P J R Snowball
(appointed 1 October 2017)

J M Davidson
(resigned 1 October 2017)

J Brettell
(resigned 1 October 2017)

S Bazley
(resigned 1 October 2017)

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 (2016: nil), but the Group has 467 employees (2016: 447). 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 (2016: £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

12 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 (IFRSs) as adopted by the European Union.

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:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INTEGRAFIN HOLDINGS LIMITED

Opinion

We have audited the financial statements of IntegraFin Holdings Limited (the Parent Company) and its subsidiaries (the Group) for the year ended 30 September 2017 which comprise the Consolidated and Company Income Statement, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Cash Flows, Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2017 and of the Group's profit and the Parent Company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Director's Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: **https://www.frc.org.uk/auditorsresponsibilities**.
This description forms part of our auditor's report.

BDO LLP

Neil Fung-On
Senior Statutory Auditor

For and on behalf of BDO LLP, statutory auditor

London

15 December 2017

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

CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 £'000	2016 (Restated) £'000
Revenue			
Fee income	**5**	80,242	68,357
Cost of sales		(599)	(488)
Gross profit		**79,643**	**67,869**
Administrative expenses	**7**	(42,837)	(42,122)
Net income attributable to policyholder returns		7,905	19,358
Operating profit		**44,711**	**45,105**
Operating profit attributable to policyholder returns		**7,905**	**19,358**
Operating profit attributable to shareholder returns		**36,806**	**25,747**
Interest income	**8**	178	451
Profit on ordinary activities before taxation		**44,889**	**45,556**
Profit on ordinary activities before taxation attributable to policyholder returns		**7,905**	**19,358**
Profit on ordinary activities before taxation attributable to shareholder returns		**36,984**	**26,198**
Policyholder tax		(7,819)	(19,445)
Tax on profit on ordinary activities	**9**	(7,181)	(5,296)
Profit after tax		**29,889**	**20,816**
Other comprehensive income		-	-
Profit for the financial year		**29,889**	**20,816**
Earnings per share			
Ordinary A, B and C shares – basic (pence)	**6**	2639	1841
Ordinary D shares – basic (pence)	**6**	2239	1441
Ordinary A, B and C shares – diluted (pence)	**6**	2639	1841
Ordinary D shares – diluted (pence)	**6**	2239	1441

All activities of the Group are classed as continuing.

Notes 1 to 33 form part of these financial statements

COMPANY PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017 £'000	2016 £'000
Revenue		**-**	**-**
Cost of sales		(-)	(-)
Gross profit		**-**	**-**
Administrative expenses	**7**	(1,015)	(1,010)
Operating profit		**(1,015)**	**(1,010)**
Dividend income		19,281	39,649
Interest income	**8**	24	2
Profit on ordinary activities before taxation		**18,290**	**38,641**
Tax on profit on ordinary activities	**9**	-	(78)
Profit after tax		**18,290**	**38,563**
Other comprehensive income		-	-
Profit for the financial year		**18,290**	**38,563**

All activities of the Company are classed as continuing.

Notes 1 to 33 form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2017 £'000	30 September 2016 £'000
Non-current assets			
Loans and receivables		1,873	-
Intangible assets	**10**	12,986	13,006
Property, plant and equipment	**11**	1,858	2,072
Deferred acquisition costs	**13**	38,295	31,792
Investments and cash held for the benefit of policyholders	**14**	11,947,652	11,316,471
		12,002,664	11,363,341
Current assets			
Financial assets at fair value through profit or loss	**15**	8,895	8,976
Other prepayments and accrued income	**16**	10,252	9,842
Trade and other receivables	**17**	1,456	1,597
Current tax assets		-	199
Cash and cash equivalents		105,829	90,571
		126,432	111,185
Current Liabilities			
Trade and other payables	**18**	15,208	14,289
Current tax liabilities		2,803	1,685
		18,011	15,974
Non-current liabilities			
Provisions for liabilities	**22**	11,831	15,550
Deferred income liability	**19**	38,295	31,792
Liabilities for linked investment contracts	**14**	11,947,652	11,316,471
Deferred tax liabilities	**20**	10,781	8,495
		12,008,559	11,372,308
Net assets		**102,526**	**86,244**
Capital and reserves			
Called up equity share capital	**23**	57	57
Share premium account	**24**	5,722	5,722
Capital redemption reserve	**25**	2	2
Share-based payment reserve	**26**	308	308
Other reserves	**27**	42	32
Non-distributable reserves		501	501
Profit or loss account		95,894	79,622
Total equity		**102,526**	**86,244**

These financial statements were approved by the Board of Directors on 12 December 2017 and are signed on their behalf by:

Ian Taylor, Director
Company Registration Number: 08860879

Notes 1 to 33 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	30 September 2017 £'000	30 September 2016 £'000
Non-current assets			
Investment in subsidiaries	**12**	14,213	14,213
Loans and receivables		1,873	-
Deferred tax asset	**20**	-	-
		16,086	14,213
Current assets			
Other receivables	**17**	7	9
Cash and cash equivalents		20,081	16,422
		20,088	16,431
Current liabilities			
Trade and other payables	**18**	1,156	388
		1,156	388
Net assets		**35,018**	**30,256**
Capital and reserves			
Called up equity share capital	**23**	57	57
Profit or loss account		34,961	30,199
Total equity		**35,018**	**30,256**

These financial statements were approved by the Board of Directors on 12 December 2017 and are signed on their behalf by:

Ian Taylor
Director

Company Registration Number: 08860879

Notes 1 to 33 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit before tax	44,889	45,556
Adjustments for:		
Amortisation and depreciation	571	1,932
Interest	(178)	(451)
Decrease/(increase) in loans and receivables	(2,142)	4,213
(Decrease)/increase in payables	920	5,579
Decrease/(increase) in current asset investments	81	(2,031)
Decrease/(increase) in long term investments	-	392
Decrease/(increase) in provisions	(1,432)	(5,252)
Cash generated from operations	**42,709**	**49,938**
Income taxes paid	(13,684)	(24,149)
Net cash flows from operating activities	**29,025**	**25,789**
Investing activities		
Acquisition of tangible assets	(434)	(730)
Acquisition of subsidiary	-	(13,505)
Interest received	178	451
Net cash used in investing activities	**(256)**	**(13,784)**
Financing activities		
Equity dividends paid	(13,521)	(9,652)
Net cash used in financing activities	**(13,521)**	**(9,652)**
Net increase in cash and cash equivalents	**15,248**	**2,353**
Cash and cash equivalents at beginning of year	**90,571**	**88,186**
Exchange gains on cash and cash equivalents	10	32
Cash and cash equivalents at end of year	**105,829**	**90,571**

Notes 1 to 33 form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit before tax	18,290	38,641
Adjustments for:		
Interest	(24)	(2)
Decrease/(increase) in long term investments	-	(13,764)
Decrease/(increase) in loans and receivables	(1,872)	(9)
(Decrease)/increase in payables	769	311
Cash generated from operations	**17,163**	**25,177**
Investing activities		
Interest received	24	2
Net cash used in investing activities	**24**	**2**
Financing activities		
Equity dividends paid	(13,528)	(8,978)
Net cash used in financing activities	**(13,528)**	**(8,978)**
Net increase in cash and cash equivalents	**3,659**	**16,201**
Cash and cash equivalents at beginning of year	**16,422**	**221**
Cash and cash equivalents at end of year	**20,081**	**16,422**

Notes 1 to 33 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 October 2015	57	5,722	2	308	501	68,376	74,966
Comprehensive income for the year:							
Profit for the year	–	–	–	–	–	20,816	20,816
Other comprehensive income	–	–	32	–	–	–	32
Other movement	–	–	–	–	–	82	82
Total comprehensive income for the year	**–**	**–**	**32**	**–**	**–**	**20,898**	**20,930**
Distributions to owners:							
Dividends	–	–	–	–	–	(9,652)	(9,652)
Total distributions to owners	**–**	**–**	**–**	**–**	**–**	**(9,652)**	**(9,652)**
Balance at 1 October 2016	**57**	**5,722**	**34**	**308**	**501**	**79,622**	**86,244**
Comprehensive income for the year:							
Profit for the year	–	–	–	–	–	29,889	29,889
Other comprehensive income	–	–	10	–	–	–	10
Other movement	–	–	–	–	–	(96)	(96)
Total comprehensive income for the year	**–**	**–**	**10**	**–**	**–**	**29,793**	**29,803**
Distributions to owners:							
Dividends	–	–	–	–	–	(13,521)	(13,521)
Total distributions to owners	**–**	**–**	**–**	**–**	**–**	**(13,521)**	**(13,521)**
Balance at 30 September 2017	**57**	**5,722**	**44**	**308**	**501**	**95,894**	**102,526**

Notes 1 to 33 form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2015	57	-	-	-	614	671
Comprehensive income for the year:						
Profit for the year	-	-	-	-	38,563	38,563
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**38,563**	**38,563**
Distributions to owners:						
Dividends	-	-	-	-	(8,978)	(8,978)
Total distributions to owners	**-**	**-**	**-**	**-**	**(8,978)**	**(8,978)**
Balance at 1 October 2016	**57**	**-**	**-**	**-**	**30,199**	**30,256**
Comprehensive income for the year:						
Profit for the year	-	-	-	-	18,290	18,290
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**18,290**	**18,290**
Distributions to owners:						
Dividends	-	-	-	-	(13,528)	(13,528)
Total distributions to owners	**-**	**-**	**-**	**-**	**(13,528)**	**(13,528)**
Balance at 30 September 2017	**57**	**-**	**-**	**-**	**34,961**	**35,018**

Notes 1 to 33 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and significant accounting policies

a) Basis of preparation

The financial statements have been prepared and approved by the Directors in accordance with Part 15 of the Companies Act 2006, Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and International Financial Reporting Standards (IFRSs) as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are stated at their fair value, have been prepared in pound sterling, which is the functional currency of the Company and are rounded to the nearest thousand.

There have been a number of presentational changes to the Consolidated Profit and Loss and Other Comprehensive Income statement, leading to the restatement of certain prior year figures. The purpose of this is to make the accounts more understandable to the user by splitting out policyholder income and expenses in a clear way. These changes are all presentational, and there is no change to the profit for the financial year figure.

The financial statements have been prepared on a going concern basis following an assessment by the Directors. The Company has a net asset position, strong solvency position, is currently profitable and, based on the latest forecasts, expects to remain profitable. As a result, the Board has reasonable expectation that the Company has adequate resources to continue in operational existence from at least 12 months from the date of approving these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. 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 2017 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 IFRS 9 Financial Instruments 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 includes requirements for the classification and measurement of financial assets and liabilities, liability 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 asset 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; and
- 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 has been endorsed by the EU and is effective for accounting periods beginning on or after 1 January 2018. An assessment of the impact of IFRS 9 has been conducted and there is no material impact on the Group on its adoption.

IFRS 15 Revenue from Contracts with Customers

The standard provides a comprehensive new model for revenue recognition. The Company will 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 has been endorsed by the EU and is effective for accounting periods beginning on or after 1 January 2018. An assessment of the impact of IFRS 15 has been conducted and there is no material impact on the Group its adoption.

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. An initial assessment of the impact of this standard has been conducted, which indicates that whilst there will be a material adjustment to gross assets and liabilities as a result of bringing leased assets on balance sheet, there is unlikely to be a material net impact at Group level.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and will replace IFRS 4 Insurance Contracts. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The Company would be required to provide information that faithfully represent those contracts, such that users of the financial statements can assess the effect insurance contracts have on the entity's financial position, financial performance and cash flows. The standard is effective for accounting periods beginning on or after 1 January 2021.

The Group has performed preliminary assessment regarding the impact of IFRS 17 on the financial statements and, due to all contracts written by the business being insurance contracts, it is deemed such impact will be negligible.

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. 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 statement of cash flows, liquid resources are defined as current asset investments and short term deposits.

Intangible non-current assets

Intangible non-current assets, excluding goodwill, 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. Goodwill is held at cost and, in accordance with IFRS, is not amortised but is subject to annual impairment reviews.

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 profit and loss and other comprehensive income statement 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/over the life of the lease
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. For more detailed information in relation to this, please see Note 10.

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.

The assets and liabilities of foreign operations are translated to sterling using the year end closing exchange rate. The revenues and expenses of foreign operations are translated to sterling at rates approximating the foreign exchange rates ruling at the relevant month of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the reserves.

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.

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 2017, 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. Insurance risk is minimal as all contracts have been classed as investment contracts.

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 on the trade settlement date, and subsequently at fair value. Purchases and sales of securities are recognised on the trade date. Transaction costs are expensed in the consolidated profit and loss and other comprehensive income statement. Gains and losses arising from changes in fair value are presented in the consolidated profit and loss and other comprehensive income statement within "administrative expenses" for corporate assets and "net income attributable to policyholder returns" for policyholder assets 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) 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, loans and cash and cash equivalents. These are included in current assets due to their short-term nature, except for loans which are included in non-current assets. 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.

(iii) 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.

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 £128,073 (2016: £181,460) 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.

In addition to the above, an amount of £192,103 (2016: £155,839) relates to accrued fees that are past due but not impaired. Management believes that these fees are likely to be received, and an impairment is therefore not required.

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.

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
- Loans.

(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 profit and loss and other comprehensive income statement. The following tables show the carrying values of assets and liabilities for each of these categories.

Financial assets:

	Fair value through profit or loss		**Amortised cost**	
	30 Sep 2017 £'000	**30 Sep 2016 £'000**	**30 Sep 2017 £'000**	**30 Sep 2016 £'000**
Cash and cash equivalents	-	-	105,829	90,571
Listed shares and securities	83	51	-	-
Loans and receivables	-	-	1,873	-
Investments in quoted debt instruments	8,812	8,925	-	-
Accrued income	-	-	7,951	6,806
Trade and other receivables	-	-	1,456	1,597
Investments and cash held for the policyholders	11,947,652	11,316,471	-	-
Current tax asset	-	-	-	199
Total financial assets	**11,956,547**	**11,325,447**	**117,109**	**99,173**

Financial liabilities:

	Fair value through profit or loss		Amortised cost	
	30 Sep 2017 £'000	**30 Sep 2016 £'000**	**30 Sep 2017 £'000**	**30 Sep 2016 £'000**
Trade and other payables	-	-	7,524	5,800
PAYE and other taxation	-	-	1,229	1,621
Corporation tax	-	-	2,803	1,685
Accruals	-	-	6,454	6,867
Liabilities for linked investments contracts	11,947,652	11,316,471	-	-
Total financial liabilities	**11,947,652**	**11,316,471**	**18,010**	**15,973**

(iii) Financial instruments not measured at fair value

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

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

The table opposite 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 Company's assets measured at fair value and split into the three levels described below:

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

At 30 September 2017	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Investments and assets held for the benefit of policyholders				
- Policyholder cash	1,091,744	-	-	1,091,744
- Investments and securities	351,308	94,521	1,541	447,370
- Bonds and other fixed-income securities	12,378	399	5	12,782
- Holdings in collective investment schemes	10,260,975	132,113	2,668	10,395,756
	11,716,405	**227,033**	**4,214**	**11,947,652**
Other investments	8,895	-	-	8,895
Total	**11,725,300**	**227,033**	**4,214**	**11,956,547**

At 30 September 2016	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Investments and assets held for the benefit of policyholders				
- Policyholder cash	802,924	-	-	802,924
- Investments and securities	306,461	65,480	1,885	373,826
- Bonds and other fixed-income securities	11,035	12,743	1,606	25,384
- Holdings in collective investment schemes	8,069,840	2,042,262	2,235	10,114,337
	9,190,260	**2,120,485**	**5,726**	**11,316,471**
Other investments	8,976	-	-	8,976
Total	**9,199,236**	**2,120,485**	**5,726**	**11,325,447**

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, based on its review of the prices used, the Company believes that any change to the unobservable inputs used to measure fair value would not result in a significantly higher or lower fair value measurement at year end, and therefore would not have a material impact on its reported results.

Changes to valuation methodology

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

Transfers between Levels

The Company'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.

The Company recognises transfers between Levels of the fair value hierarchy at the end of the reporting period in which the changes have occurred. Changes occur due to the availability of (or lack thereof) quoted prices, whether a market is now active or not, and whether there are indications of impairment.

Transfers between Levels between 30 September 2016 and 30 September 2017 are presented in the table below at their valuation at 30 September 2017:

Transfers from	Transfers to	£'000
Level 1	Level 2	4,073
Level 2	Level 1	9,169

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

	£'000
Opening balance	**5,726**
Unrealised gains or losses in the year ended 30 September 2017	(1,890)
Transfers in to Level 3 at 30 September 2017 valuation	1,506
Transfers out of Level 3 at 30 September 2016 valuation	(622)
Purchases, sales, issues and settlement	(506)
Closing balance	**4,214**

Any resultant gains or losses on financial assets held for the benefit of policyholders are offset by a reciprocal movement in the linked liability.

4. Risk and risk management

This note supplements the details provided in the Risk and Risk Management section of this report on pages 19 to 26.

Risk assessment

Risk assessment is the determination of quantitative values and/or qualitative judgements 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.

(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 clients' portfolios.

IFAL mitigates the second order market risk by applying fixed per policy charges in addition to the charges determined based on clients' linked portfolio values, offering an element of diversification to its income stream.

Market risk from direct asset holdings

The Company has limited exposure to primary market risk as its 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 client related index linked liabilities.

Expense inflation risk is mitigated through monitoring of expenditure and closely managing expenses in line with the business plan.

(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 debt 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 funds are not accessible such that the Company, although solvent, does not have sufficient liquid 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. There are robust controls in place to mitigate liquidity risk, for example, through monitoring of expenditure and closely managing expenses in line with the business plan.

Maturity schedule

The following table shows an analysis of the financial assets and financial liabilities by remaining expected maturities as at 30 September 2016 and 30 September 2017.

Financial assets:

2016	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Investments and cash held for the policyholders	11,316,471	-	-	-	11,316,471
Investments	51	8,925	-	-	8,976
Accrued income	6,806	-	-	-	6,806
Trade and other receivables	1,576	21	-	-	1,597
Current tax asset	-	199	-	-	199
Cash	90,571	-	-	-	90,571
Total	**11,415,475**	**9,145**	**-**	**-**	**11,424,620**

2017	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Investments and cash held for the policyholders	11,947,652	-	-	-	11,947,652
Investments	-	8,812	-	-	8,812
Accrued income	7,906	-	7	-	7,913
Trade and other receivables	1,557	20	-	-	1,577
Loans	-	-	1,040	833	1,873
Cash	105,829	-	-	-	105,829
Total	**12,062,944**	**8,832**	**1,047**	**833**	**12,073,656**

Financial liabilities:

2016	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Liabilities for linked investment contracts	11,316,471	-	-	-	11,316,471
Trade and other payables	14,289	-	-	-	14,289
Current tax liabilities	(45)	1,731	-	-	1,686
Total	**11,330,715**	**1,731**	**-**	**-**	**11,332,446**

2017	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Liabilities for linked investment contracts	11,947,652	-	-	-	11,947,652
Trade and other payables	15,208	-	-	-	15,208
Current tax liabilities	-	2,803	-	-	2,803
Total	**11,962,860**	**2,803**	**-**	**-**	**11,965,663**

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 clients' 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.

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:

	2017 £'000	2016 £'000
Revenue		
Investment administration services	44,019	37,854
Insurance and life assurance business	36,223	30,403
Consultancy services	-	100
	80,242	**68,357**
Profit before tax		
Investment administration services	17,224	11,393
Insurance and life assurance business	27,121	34,024
Consultancy services	544	139
	44,889	**45,556**
Net assets		
Investment administration services	51,176	38,100
Insurance and life assurance business	50,397	47,456
Consultancy services	953	688
	102,526	**86,244**

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.

6. Earnings per share

Year ended 30 September	2017 £'000	2016 £'000
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	29,889	20,816
Number of shares	1,137,278	1,137,278
Weighted average number of A, B, C shares used in basic and diluted earnings per share	1,107,278	1,107,278
Weighted average number of D shares used in basic and diluted earnings per share	30,000	30,000

Earnings per share is calculated based on the share capital of IntegraFin Holdings Limited and the earnings of the consolidated Group. Separate calculations have been performed for A, B and C shares, and for D shares, to reflect the different dividend rate attached to D shares.

7. Expenses by nature

The following expenses are included within administrative expenses:

	2017 £'000	2016 £'000
Group		
Depreciation	551	494
Amortisation	20	1,438
Wages and employee benefits expense	30,036	25,059
Auditor's remuneration:		
- auditing of the financial statements of the Company pursuant to legislation	25	10
- auditing of the financial statements of subsidiaries	81	92
- other assurance services	73	99
- taxation service	-	78
Other Auditor's remuneration:		
- auditing of the financial statements of subsidiaries	114	73
- other assurance services	115	83
Impairment losses	128	574
Operating lease costs:		
- Land and buildings	1,812	1,783
- Equipment	8	8
Company		
Auditor's remuneration:		
- auditing of the financial statements of the Company pursuant to legislation	25	10
- other assurance services	-	10
- taxation services	-	78
Impairment losses	-	392

Wages and employee benefits expense

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

	2017 No.	2016 No.
Client Services staff	201	194
Finance staff	54	54
Technical and support staff	49	50
Software development staff	84	85
Sales, marketing and product development staff	37	35
Legal and compliance staff	25	23
CEO	1	1
	451	**442**

The Company has no employees (2016: nil).

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

	2017 £'000	2016 £'000
Wages and salaries	25,474	20,966
Social security costs	2,268	2,391
Other pension costs	2,294	1,702
	30,036	**25,059**

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.

	2017 £'000	2016 £'000
Short term employee benefits	1,645	1,417
Post employment benefits	37	119
	1,682	**1,536**
Highest paid Director:		
Short term employee benefits	505	455
Post employment benefits	8	33
Number of Directors for whom pension contributions are paid	3	3

8. Interest income

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Interest income on bank deposits	64	8	145	2
Interest income on loans	16	16	-	-
Interest income on financial assets at fair value through profit or loss	98	-	306	-
Other interest	-	-	-	-
	178	**24**	**451**	**2**

9. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2017 £'000	2016 £'000
Corporation tax	7,234	5,197
Corporation tax – under-provision in previous year	9	21
	7,243	**5,218**
Movement in deferred tax asset (Note 20)	(50)	78
Movement in deferred tax liability (Note 20)	(12)	-
Deferred tax charge/(credit)	(62)	78
Total	**7,181**	**5,296**

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:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	42,590	38,341
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19.5% (2016: 20%)	8,305	7,668
Deferred tax charge/(credit) (see Note 20)	(62)	78
Effects of:		
Income not taxable and expenses not deductible for tax purposes, multiplied by effective rate of Corporation Tax 19.5% (2016: 20%)	(834)	(2,191)
Profits not taxable, multiplied by effective rate of Corporation Tax 19.5% (2016: 20%)	(292)	(285)
Corporation tax – under-provision in prior year	7	12
Profits charged at different rates to UK Corporation Tax rate	57	14
	7,181	**5,296**

Changes in tax rates

The main rate of UK corporation tax reduced from 20% to 19% with effect from 1 April 2017 and will reduce to 17% with effect from 1 April 2020. The reduction in corporation tax rates does not impact on the policyholder rate.

Company

a) Analysis of charge in year

	2017 £'000	2016 £'000
Deferred tax charge/(credit) (see Note 20)	-	78
Total	**-**	**78**

	2017 £'000	2016 £'000
b) Factors affecting tax charge for the year		
Profit on ordinary activities before tax	18,290	38,641
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19.5% (2016: 20%)	3,567	7,728
Deferred tax charge/(credit) (see Note 20)	-	78
Effects of:		
Income not taxable and expenses not deductible for tax purposes, multiplied by effective rate of Corporation Tax 19.5% (2016: 20%)	(3,567)	(7,728)
	-	**78**

10. Intangible assets – Group

	Software and IP rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 October 2016	12,505	12,951	25,456
At 30 September 2017	**12,505**	**12,951**	**25,456**
Amortisation			
At 1 October 2016	12,450	-	12,450
Charge for the year	20	-	20
At 30 September 2017	**12,470**	**-**	**12,470**
Net Book Value			
At 30 September 2016	55	12,951	13,006
At 30 September 2017	**35**	**12,951**	**12,986**
Cost			
At 1 October 2015	12,505	-	12,505
Addition in the year	-	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	1,438	-	1,438
Prior year adjustment	(93)	-	(93)
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.

Goodwill impairment assessment

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

This the first year in which an impairment test has been performed. The goodwill was first recognised upon acquisition of IAD in July 2016, and must be tested for impairment annually, so a test was not required in the previous financial year.

The carrying amount of goodwill is allocated to the two cash generating units that are benefiting from the acquisition as follows:

	2017 **£'000**
Investment management services	7,449
Insurance and life assurance business	5,501
Total	**12,951**

The recoverable amounts of the above cash generating units have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 30 September 2022. The results of this showed that no impairment has taken place throughout the historical financial period.

No sensitivity analysis has been performed on the basis that there were no reasonable foreseeable changes in the assumptions which would result in the recoverable amount falling below the carrying amount.

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 2016	1,615	1,613	553	101	3,882
Reclassification	-	307	(307)	-	-
Additions	95	208	17	43	363
Disposals	-	(50)	-	(43)	(93)
Foreign exchange	(2)	(6)	-	(1)	(9)
At 30 September 2017	**1,708**	**2,072**	**263**	**100**	**4,143**
Depreciation					
At 1 October 2016	525	902	356	27	1,810
Reclassification	-	214	(214)	-	-
Charge for the year	155	356	23	17	551
Disposals	-	(35)	-	(37)	(72)
Foreign exchange	-	(4)	-	-	(4)
At 30 September 2017	**680**	**1,433**	**165**	**7**	**2,285**
Net Book Value					
At 30 September 2016	1,090	711	197	74	2,072
At 30 September 2017	1,028	639	98	93	1,858
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
Additions	39	214	124	-	377
Charge for the year	124	232	111	27	494
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

The Company holds no property, plant and equipment.

12. Investment in subsidiaries

	Total £'000
Company	
At 1 October 2016	14,213
At 30 September 2017	14,213
Net book value	
At 30 September 2016	14,213
At 30 September 2017	14,213
At 1 October 2015	449
Additions	14,156
Impairment	(392)
At 30 September 2016	14,213
Net book value	
At 30 September 2015	449
At 30 September 2016	14,213

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.

All the UK subsidiaries have their registered office address at 29 Clement's Lane, London, EC4N 7AE. IntegraLife International Limited's registered office address is at 18-20 North Quay, Douglas, Isle of Man, IM1 4LE. IntegraFin (Australia) Pty's registered office address is at Level 4, 854 Glenferrie Road, Hawthorn, Victoria, Australia 3122. Integrated Application Development Pty Ltd's registered office address is 19-25 Camberwell Road, Melbourne, Australia.

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.

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 IntegraFin 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

	2017 £'000	2016 £'000
Opening balance	31,792	29,736
Capitalisation of deferred acquisition costs	12,950	7,964
Amortisation of deferred acquisition costs	(6,447)	(5,908)
Change in deferred acquisition costs	6,503	2,056
Closing balance	**38,295**	**31,792**

14. Non-current asset investments – ILInt and ILUK

Investments and cash held for the benefit of policyholders

	2017 Cost £'000	2017 Fair value £'000	2016 Cost £'000	2016 Fair value £'000
ILInt				
Cash and cash equivalents held for the benefit of the policyholder	74,565	74,565	82,931	82,931
Investments held for the benefit of the policyholder	985,912	1,175,098	1,637,842	2,928,144
	1,060,477	**1,249,663**	**1,720,773**	**3,011,075**
ILUK				
Cash and cash equivalents held for the benefit of the policyholder	1,014,314	1,014,314	715,881	715,881
Investments held for the benefit of the policyholder	8,049,078	9,683,675	6,898,345	7,589,515
	9,063,392	**10,697,989**	**7,614,226**	**8,305,396**
Total		**11,947,652**		**11,316,471**

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. Financial assets at fair value through profit or loss

	Group 30 Sep 2017 £'000	Group 30 Sep 2016 £'000
Listed shares and securities	83	51
Gilts	8,812	8,925
	8,895	**8,976**

Investments are all UK and sterling based and held at fair value.

16. Other prepayments and accrued income

	Group 30 Sep 2017 £'000	Group 30 Sep 2016 £'000
Accrued income	7,951	6,806
Prepayments	2,301	3,036
	10,252	**9,842**

17. Trade and other receivables

	Group 30 Sep 2017 £'000	Company 30 Sep 2017 £'000	Group 30 Sep 2016 £'000	Company 30 Sep 2016 £'000
Amounts owed by Group undertakings	-	7	-	9
Interest receivable	5	-	8	-
Other receivables	1,451	-	1,589	-
	1,456	**7**	**1,597**	**9**

18. Trade and other payables

	Group 30 Sep 2017 £'000	Company 30 Sep 2017 £'000	Group 30 Sep 2016 £'000	Company 30 Sep 2016 £'000
Trade payables	265	-	364	-
PAYE and other taxation	1,229	31	1,621	12
Due to Group undertakings	-	11	-	8
Other payables	7,259	21	5,437	5
Accruals and deferred income	6,455	1,093	6,867	363
	15,208	**1,156**	**14,289**	**388**

19. Deferred income liability

	2017 £'000	2016 £'000
Opening balance	31,792	29,736
Capitalisation of deferred income	12,950	7,964
Amortisation of deferred income	(6,447)	(5,908)
Change in deferred acquisition costs	6,503	2,056
Closing balance	**38,295**	**31,792**

20. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2016: 19%). 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 2017 £'000	30 Sep 2016 £'000
Liabilities – Group		
Balance brought forward	8,495	1,279
Release in year at 19% (2016: 19%) future corporation tax rate in respect of:		
- Accelerated depreciation	(12)	-
Deferred tax (credit)/charge	(12)	-
Movement in policyholder tax	2,298	7,216
Balance carried forward	**10,781**	**8,495**
Analysed as:		
- Accelerated depreciation	-	12
- Policyholder deferred tax	10,781	8,483
	10,781	**8,495**

The Company has no deferred tax liabilities.

	30 Sep 2017 £'000	30 Sep 2016 £'000
Assets – Group and Company		
Balance brought forward	-	(78)
Release in year at 19% (2016: 19%) future corporation tax rate in respect of:		
- Unused capital losses	-	78
Accelerated depreciation	50	-
Balance carried forward	**50**	**-**

21. Client monies and client assets

	£'000		£'000
2017			
Client monies	2,297,792	Amounts due to clients	2,297,792
Client assets	25,629,954	Corresponding liability	25,629,954
2016			
Client monies	1,836,756	Amounts due to clients	1,836,756
Client assets	22,763,205	Corresponding liability	22,763,205

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 2017 £'000	Group 30 Sep 2016 £'000
Balance brought forward	15,550	20,802
(Decrease)/increase in dilapidations provision	44	95
Increase in ILInt non-linked unit provision	4	13
Increase in ILUK tax provision	(3,767)	(5,360)
Balance carried forward	**11,831**	**15,550**
Dilapidations provisions	323	279
ILInt non-linked unit provision	29	25
ILUK tax provision	11,377	15,144
Rent provision	102	102
	11,831	**15,550**

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 18/20 North Quay, on 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 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.

ILUK tax provision is made up of tax relief due to policyholders. It comprises claims received from HMRC that are yet to be returned to policyholders and charges taken from unit-linked funds and claims received from HMRC to meet future policyholder tax obligations.

23. Called up share capital – Company and Group

Allotted, called up and fully paid:	30 Sep 2017 Number	30 Sep 2016 Number	30 Sep 2017 £'000	30 Sep 2016 £'000
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**

There has been no movement in called up share capital during the year.

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

	2017 £'000	2016 £'000
Balance brought forward	5,722	5,722
Premium on shares issued during the year	-	-
Balance carried forward	**5,722**	**5,722**

25. Capital redemption reserve – Group

	2017 £'000	2016 £'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

	2017 £'000	2016 £'000
Balance brought forward	308	308
Transfer to profit and loss reserve	-	-
Balance carried forward	**308**	**308**

27. Other reserves – Group

	2017 £'000	2016 £'000
Balance brought forward	32	-
Currency Translation reserve	10	32
Balance carried forward	**42**	**32**

28. Operating lease commitments

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

	Land and Buildings 2017 £'000	Land and Buildings 2016 £'000
Group		
Within 1 year	2,398	2,365
Within 2-5 years	9,304	9,468
Over 5 years	1,396	3,490

The lease commitments relate to the current leasehold premises at 29 Clement's Lane, the current ILInt leasehold premises at 18/20 North Quay on the Isle of Man, and the current IAD Pty leasehold premises at 19-25 Camberwell Road, Melbourne, Australia.

29. Related parties

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	
Company	**2017 £'000**	**2016 £'000**
Integrated Financial Arrangements Ltd	6	8
IntegraFin Services Limited	-	(2)
IntegraFin Limited	(11)	(6)
IntegraLife UK Limited	1	(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 2017 or 2016 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 2017 was £nil (2016: £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 £13,527,336 (2016: £8,978,224) to shareholders.

OTHER INFORMATION

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors

Ian Taylor

Michael Howard

Alexander Scott

Judith Davidson (resigned 1 October 2017)

Non-Executive Directors

Christopher Munro (appointed 1 February 2017)

Patrick Snowball (appointed 1 October 2017)

Jeremy Brettell (resigned 1 October 2017)

Neil Holden

Stuart Bazley (resigned 1 October 2017)

Company Secretary

David Johnson

Independent Auditors

BDO LLP London

Solicitors

Eversheds Sutherland, London

Principal Bankers

NatWest

Registrars

Neville Registrars

Registered Office

29 Clement's Lane
London
EC4N 7AE

Website

www.integrafin.co.uk

Company number

08860879

GLOSSARY OF TERMS

AGM	Annual General Meeting
CASS	Client Assets Sourcebook
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
COREP	Common Reporting, as required by the Capital Requirements Directive IV
COSO	Committee of Sponsoring Organisation of the Treadway Commission
ETF	Exchange-traded Fund
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FUD	Funds under Direction
GDPR	General Data Protection Regulation
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAD	Integrated Application Development Pty Ltd
ICA	Individual Capital Assessment
ICAAP	Internal Capital Adequacy Assessment Process
IFAL	Integrated Financial Arrangements Ltd
IFPRU	Prudential Sourcebook for Investment Firms
IFRS	International Financial Reporting Standards
ILInt	IntegraLife International Limited
ILUK	IntegraLife UK Limited
IntegraFin	IntegraFin Holdings Limited
IP	Intellectual Property
IPO	Initial Public Offering
ISA	Individual Savings Account
ISAs (UK)	International Standards on Auditing (UK)
IT	Investment Trust
MiFID II	Second Markets in Financial Instruments Directive
NED	Non-Executive Director
OEIC	Open Ended Investment Company
ORSA	Own Risk and Solvency Assessment
SCR	Solvency Capital Requirement
TCF	Treating Customers Fairly
The Company	IntegraFin Holdings Limited
The Group	IntegraFin Holdings Limited and its subsidiaries
VCT	Venture Capital Trust

M137 September 2017

IntegraFin Holdings Limited, 29 Clement's Lane, London, EC4N 7AE
Tel: (020) 7608 4900 Fax: (020) 7608 5300

(Registered office: as above; Registered in England and Wales under number: 08860879)
The holding company of the Integrated Financial Arrangements Ltd group of companies.