

OBC Insurance Consultants Limited
Annual report
for the year ended 31 December 1999

Registered no: 320321



OBC Insurance Consultants Limited

Annual report for the year ended 31 December 1999

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**Directors' report
for the year ended 31 December 1999**

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activity

The company's principal activity is that of insurance consultants.

Review of business

The directors are satisfied with the performance of the company and do not envisage any change in the principal activity in the ensuing year.

Dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The profit for the year of £169,625 has been transferred to reserves.

Post balance sheet date event

On 1 January 2000 the undertaking and net assets of BRM Insurance Consultants Limited the company's subsidiary company, were acquired, at net book value amounting to £240,767.

Year 2000

The company experienced no significant problems related to year 2000 issues either with its own systems or with those of third parties.

Directors

The directors who served throughout the year are as follows:

R Paston
J Shipley
M J Vaughan

A resolution to re-appoint Mr R Paston as a director of the company will be proposed at the forthcoming Annual General Meeting notwithstanding that he has attained the age of 70.

Mr A J V Giles was appointed to the Board on 1 March 1999 and resigned on 25 February 2000. Mr R Paston is a director of the ultimate parent company, Secure Trust Banking Group PLC, and his interest in the share capital of group companies is shown in the directors' report of that company.

Directors' report (continued)**Directors (continued)**

At 1 January 1999 and 31 December 1999 Mr J Shipley had a beneficial interest in 1,500 ordinary shares of 1p each in the share capital of Secure Trust Banking Group PLC, the company's ultimate parent company. Mr AJV Giles had no interests in the share capital of Secure Trust Banking Group PLC on 1 March 1999 and 31 December 1999.

On 31 October 1995 Mr Shipley and Mr Vaughan were granted respectively options on 35,000 and 30,000 ordinary shares in Secure Trust Banking Group PLC at an option price of 533p, exercisable within three and seven years of the date of their grant.

Statement of directors' responsibilities

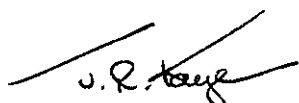
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

J R Kaye
Secretary
29 March 2000

Auditors' report to the members of OBC Insurance Consultants Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

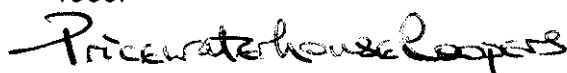
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
29 March 2000

**Profit and loss account
for the year ended 31 December 1999**

	Notes	1999 £	1998 £
Turnover	1	3,568,954	3,468,482
Administrative expenses		3,322,089	3,060,851
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	246,865	407,631
Taxation	5	77,240	111,858
		<hr/>	<hr/>
Retained profit for the year	12	169,625	295,773
		<hr/>	<hr/>

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The above results relate wholly to continuing activities.

Balance sheet at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Intangible assets	6	51,771	48,918
Tangible assets	7	850,024	907,354
Investment in subsidiary	8	217,876	217,876
		<hr/>	<hr/>
		1,119,671	1,174,148
Current assets			
Debtors	9	12,874,189	9,460,586
Property held for resale		36,000	36,000
Cash in hand		1,187,200	1,276,865
		<hr/>	<hr/>
		14,097,389	10,773,451
		<hr/>	<hr/>
Creditors:			
Amounts falling due within one year	10	(16,935,000)	(13,835,164)
		<hr/>	<hr/>
Net current liabilities		(2,837,611)	(3,061,713)
		<hr/>	<hr/>
Net liabilities		(1,717,940)	(1,887,565)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	360	360
Profit and loss account	12	(1,718,300)	(1,887,925)
		<hr/>	<hr/>
Equity shareholders' funds		(1,717,940)	(1,887,565)
		<hr/>	<hr/>

The financial statements on pages 4 to 13 were approved by the board of directors on 29 March 2000 and were signed on its behalf by:



J Shipley
Director

**Notes to the financial statements
for the year ended 31 December 1999****Changes in presentation of financial information**

FRS 12 " Provisions, contingent liabilities and contingent assets" has been adopted in this year's financial statements but has not resulted in any change in presentation.

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting and on a going concern basis. The ultimate parent company, Secure Trust Banking Group PLC, has acknowledged that it will provide continued financial support to the company to enable the business to continue as a going concern for the foreseeable future.

Depreciation

Depreciation is charged on a straight line basis from the month of purchase, to write down the cost of tangible fixed assets over their estimated useful lives applying the following annual rates:

Freehold buildings	2%
Office equipment	15% - 20%
Motor vehicles	25%

Freehold land is not depreciated.

Turnover

Turnover represents brokerage and other commissions. Commissions are included in the profit and loss account from the inception of an agency contract.

1 Principal accounting policies (continued)**Goodwill**

Goodwill arising on the acquisition of businesses prior to 1 January 1998 is calculated as the difference between the fair value of the separable net assets acquired and the fair value of the consideration, and is written off to a goodwill reserve. Equal annual transfers are made from the profit and loss reserve to eliminate this goodwill over its estimated economic life of 20 years.

Goodwill arising on the acquisitions of businesses after 1 January 1998 is written off to the profit and loss account over its estimated economic life of 20 years.

Investment in subsidiary

This is shown at cost. Provision would be made for any permanent diminution in value.

Deferred taxation

Provision for deferred taxation is made only where a liability is expected to arise in the foreseeable future. Provisions are calculated at the current rate of corporation tax.

Related party transactions

The company is a wholly owned subsidiary of Secure Trust Banking Group PLC. The company is therefore exempt from disclosing transactions with the parent company under the terms of the Financial Reporting Standard No.8.

Pension costs

The company contributes to individual defined contribution pension schemes for the benefit of certain employees. The company's contributions, which are determined annually, are charged against profits in the year in which they are payable.

Operating leases

Operating lease rentals are charged to profit and loss account as incurred.

Cash flow statement

The company is a wholly owned subsidiary of Secure Trust Banking Group PLC, and the cash flows of the company are included in the consolidated group cash flow statement of Secure Trust Banking Group PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2 Director's emoluments

	1999 £	1998 £
Emoluments (including pension contributions and benefits in kind)	84,882	81,264

The emoluments of the highest paid director, excluding pension contributions, were £73,272 (1998: £70,014).

The emoluments of Mr Paston and Mr Shipley are paid by Secure Trust Bank PLC, a fellow subsidiary company which makes no recharge to the company. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Secure Trust Bank PLC.

Retirement benefits are accruing to Mr Vaughan under a defined contribution scheme.

3 Employee information

By activity:	1999 Number	1998 Number
Administration	135	129
	1999 £	1998 £
Staff costs:		
Wages and salaries	1,874,321	1,696,813
Social security costs	158,834	150,345
Other pension costs (see note 15)	24,105	33,205
	2,057,260	1,880,363

4 Turnover and profit on ordinary activities before taxation

No analysis of turnover or profit before taxation by activity or geographical area is given as the company is involved in only one activity which arises entirely in the United Kingdom.

	1999 £	1998 £
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable	52,558	42,358
Profit on disposal of fixed assets	6,802	5,721
	<u> </u>	<u> </u>
And after charging:		
Amortisation of goodwill	2,575	1,000
Depreciation on tangible fixed assets	154,330	137,261
Auditors' remuneration – audit fees	22,082	22,000
Equipment rentals	6,784	7,223
Other operating lease rentals	230,002	233,013
	<u> </u>	<u> </u>

Auditors' remuneration for non-audit services amounted to £3,000 (1998: £3,000).

5 Taxation

	1999 £	1998 £
United Kingdom corporation tax at 30.25% (1998: 31%)		
Current	76,402	111,890
Over provision in respect of prior years		
Current	838	(32)
	<u> </u>	<u> </u>
	77,240	111,858
	<u> </u>	<u> </u>

6 Intangible assets

	Cost £	Amortisation £	Net book Value £
Goodwill			
At 1 January 1999	49,918	(1,000)	48,918
Arising on acquisition	5,428	-	5,428
Charge for the year	-	(2,575)	(2,575)
	<hr/>	<hr/>	<hr/>
At 31 December 1999	55,346	(3,575)	51,771
	<hr/>	<hr/>	<hr/>

Goodwill of £5,428 arises in the year in respect of the determination of the final deferred consideration payable on the acquisition, in 1998, of the business of Harry V Webb & Co Ltd. Total goodwill of £55,346 is being amortised over 20 years.

7 Tangible fixed assets

	Freehold property £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 January 1999	480,000	1,164,099	150,320	1,794,419
Additions	-	50,637	66,551	117,188
Disposals	-	-	(52,971)	(52,971)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	480,000	1,214,736	163,900	1,858,636
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1999	79,800	743,592	63,673	887,065
Charge for year	9,600	104,739	39,979	154,318
Disposals	-	-	(32,771)	(32,771)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	89,400	848,331	70,881	1,008,612
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1999	390,600	366,405	93,019	850,024
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	400,200	420,507	86,647	907,354
At 31 December 1998	<hr/>	<hr/>	<hr/>	<hr/>

8 Investment in subsidiary

	Interests in group Undertakings £
Cost and net book value	
At 1 January 1999 and 31 December 1999	217,876
Consolidated accounts are not prepared as the company is a wholly owned subsidiary of another UK company	

9 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	675,101	1,465,699
Amounts owed by group undertakings	12,099,024	7,885,835
Prepayments and accrued income	100,064	109,052
	<u>12,874,189</u>	<u>9,460,586</u>

10 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdraft	212,903	264,684
Trade creditors	1,457,569	1,627,400
Amounts owed to group undertakings	15,089,210	11,665,401
Corporation tax	101,271	173,656
Other taxation and social security payable	41,081	41,099
Accruals and deferred income	32,966	37,924
Deferred consideration	-	25,000
	<u>16,935,000</u>	<u>13,835,164</u>

11 Called-up share capital

	1999 £	1998 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
360 ordinary shares of £1 each	360	360

12 Profit and loss account

	£
At 1 January 1999	(1,887,925)
Retained profit for the year	<u>169,625</u>
At 31 December 1999	<u>(1,718,300)</u>

Cumulative goodwill written off relating to the purchase of businesses prior to 1999 which has now been eliminated against the profit and loss account reserve amounts to £3,720,361 (1998 £3,720,361).

13 Reconciliation of movements in equity shareholders' funds

	1999 £	1998 £
Retained profit for the year	169,625	295,773
Opening shareholders' funds	(1,887,565)	(2,183,338)
	<hr/>	<hr/>
Closing shareholders' funds	(1,717,940)	(1,887,565)
	<hr/>	<hr/>

14 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999		1998	
	Property rentals	Other	Property rentals	Other
	£	£	£	£
Expiring:				
Within one year	88,482	-	75,897	-
Between two and five years	72,346	-	75,515	-
After five years	76,350	-	59,875	-
	<hr/>	<hr/>	<hr/>	<hr/>

15 Pension arrangements

The company makes contributions to individual defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in independently administered schemes. The pension cost charge represents contributions payable by the company and is shown in note 3.

16 Ultimate parent company

The directors regard Secure Trust Banking Group PLC, a company registered in England and Wales, as the ultimate parent company and ultimate controlling party.

A copy of the consolidated financial statements of Secure Trust Banking Group PLC may be obtained from The Secretary, Secure Trust Banking Group PLC, Paston House, Arlestone Way, Solihull, B90 4LH.