

**OBC Insurance Consultants Limited**

**Annual report**

**for the year ended 31 December 2001**

Registered no: 320321



# **OBC Insurance Consultants Limited**

## **Annual report for the year ended 31 December 2001**

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**Directors' report  
for the year ended 31 December 2001**

The directors present their report and the audited financial statements for the year ended 31 December 2001.

**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 (2000: Nil). The profit for the year of £163,414 has been transferred to reserves.

**Fixed Assets**

In December 2001 the company's freehold property was professionally revalued and the resultant surplus credited to a revaluation reserve.

**Directors**

The directors who served during the year are as follows:

J Shipley

E Pearson

K N F Deakin

D Pearson

G Heathfield (Appointed 1 January 2001)

**Directors' interests**

The interests in the share capital of Secure Trust Banking Group PLC of the directors in office at 31 December 2001 were as follows:

	At 31 December 2001, ordinary 1p shares	At 31 December 2000, ordinary 1p shares
K N F Deakin	721	,721
J Shipley	1,500	1,500

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

The balance of share options granted to, but not exercised by, the other directors at 31 December 2001 is as follows:

	Date Granted	Option price Purchase	Number of options	
			1 January 2001	31 December 2001
K N F Deakin	7 October 1994	485p	22,000	22,000
	31 October 1995	533p	6,000	6,000
	31 October 1997	607.5p	7,000	7,000
D Pearson	31 October 1995	533p	25,000	25,000
J Shipley	31 October 1995	533p	35,000	35,000

The options granted in 1994 are exercisable within three and ten years of the date of their grant, those granted in 1995 and 1997 are 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.

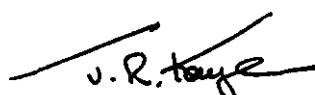
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2001. The directors also confirm that applicable accounting 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**

27 March 2002

## Independent auditors' report to the members of OBC Insurance Consultants Limited

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7 & 8.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 Companies Act 1985. 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.

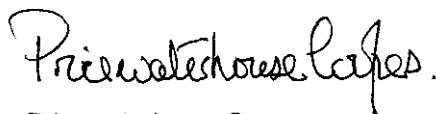
### Basis of audit opinion

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 preparations 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Birmingham  
27 March 2002

**Profit and loss account  
for the year ended 31 December 2001**

	Notes	2001 £	2000 £
Turnover	1	<b>3,685,876</b>	3,666,805
Administrative expenses		<b>3,432,445</b>	3,333,743
		<hr/>	<hr/>
Operating profit		<b>253,431</b>	333,062
Dividend from group undertaking		-	240,667
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	<b>253,431</b>	573,729
Taxation	5	<b>90,017</b>	41,211
		<hr/>	<hr/>
Retained profit for the year	12	<b>163,414</b>	532,518
		<hr/>	<hr/>

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.

**Statement of Total Recognised Gains and Losses  
at 31 December 2001**

	Notes	2001 £	2000 £
Profit for the financial year		<b>163,414</b>	532,518
Unrealised surplus on revaluation of freehold property	7	<b>87,378</b>	-
Unrealised surplus on revaluation of freehold property held for resale	7	<b>6,500</b>	-
		<hr/>	<hr/>
Total recognised gains and losses in the year		<b>257,292</b>	532,518
		<hr/>	<hr/>


**OBC Insurance Consultants Limited**

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**Balance sheet  
at 31 December 2001**

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Intangible assets	6	61,480	66,371
Tangible assets	7	867,503	717,542
Investment in subsidiary	8	217,876	217,876
		<hr/>	<hr/>
		1,146,859	1,001,789
<b>Current assets</b>			
Debtors	9	7,374,720	4,108,690
Property held for resale		42,500	36,000
Cash in hand		57,297	1,076,759
		<hr/>	<hr/>
		7,474,517	5,221,449
<b>Creditors:</b>			
Amounts falling due within one year	10	(9,549,506)	(7,408,660)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(2,074,989)	(2,187,211)
		<hr/>	<hr/>
<b>Net liabilities</b>		(928,130)	(1,185,422)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	360	360
Profit and loss account	12	(1,022,368)	(1,185,782)
Revaluation Reserve		93,878	-
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		(928,130)	(1,185,422)
		<hr/>	<hr/>

The financial statements on pages 4 to 14 were approved by the board of directors on 27 March 2002 and were signed on its behalf by:

  
J Shipley  
Director



**Notes to the financial statements  
for the year ended 31 December 2001****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, as modified by the revaluation of certain fixed assets 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 1999 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 1999 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**

	2001 £	2000 £
Emoluments (including pension contributions and benefits in kind)	<b>76,549</b>	22,574

The emoluments of the highest paid director, excluding pension contributions, were £76,549 (2000: £19,584).

The emoluments of Mr Deakin, Mr D Pearson, Mr E Pearson 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.

**3. Employee information**

By activity:	2001 Number	2000 Number
Administration	<b>135</b>	129

	2001 £	2000 £
<b>Staff costs:</b>		
Wages and salaries	<b>2,014,593</b>	1,895,709
Social security costs	<b>164,874</b>	163,359
Other pension costs (see note 15)	<b>15,953</b>	20,628
	<b>2,195,420</b>	2,079,696

**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.

	2001 £	2000 £
Profit on ordinary activities before taxation is stated after Crediting:		
Rent receivable	23,946	33,388
Profit on disposal of fixed assets	7,504	17,035
	<hr/>	<hr/>
And after charging:		
Amortisation of goodwill	4,891	4,700
Depreciation on tangible fixed assets	154,852	151,460
Auditors' remuneration – audit fees	25,331	23,000
Equipment rentals	8,251	2,382
Other operating lease rentals	190,990	230,590
	<hr/>	<hr/>

Auditors' remuneration for non-audit services amounted to £3,000 (2000: £3,000)

**5. Taxation**

	2001 £	2000 £
United Kingdom corporation tax at 30% (2000: 30%)		
Current	87,753	103,205
Under/(Over) provision in respect of prior years	2,264	(61,994)
	<hr/>	<hr/>
	90,017	41,211
	<hr/>	<hr/>

**6. Intangible assets**

	Cost £	Amortisation £	Net book Value £
Goodwill			
At 1 January 2001	97,846	(31,475)	66,371
Charge for the year	-	(4,891)	(4,891)
At 31 December 2001	97,846	(36,366)	61,480

Total goodwill of £97,846 is being amortised over 20 years.

**7. Tangible fixed assets**

	Freehold property £	Office Equipment £	Motor vehicles £	Total £
<b>Cost or Valuation</b>				
At 1 January 2001	435,000	799,433	142,957	1,377,390
Additions	52,639	55,427	121,201	229,267
Revaluation	31,800	-	-	31,800
Group transfer	-	-	(12,128)	(12,128)
Disposals	-	-	(48,356)	(48,356)
At 31 December 2001	519,439	854,860	203,674	1,577,973
<b>Depreciation</b>				
At 1 January 2001	88,989	504,604	66,255	659,848
Revaluation	(55,578)	-	-	(55,578)
Group transfer	-	-	(8,741)	(8,741)
Charge for year	8,916	99,379	46,557	154,852
Disposals	-	-	(39,911)	(39,911)
At 31 December 2001	42,327	603,983	64,160	710,470
<b>Net book value</b>				
At 31 December 2001	477,112	250,877	139,514	867,503
Net book value At 31 December 2000	346,011	294,829	76,702	717,542

The freehold properties were revalued by Fraser Wood, Mayo & Pinson, Chartered Surveyors, in December 2001, on an existing use basis. The valuation was undertaken in accordance with the R.I.C.S. appraisal valuation manual.

The historical cost of freehold properties was:-

	2001 £'000	2000 £'000
Cost	487,639	435,000
Depreciation	97,905	88,989
<b>Net Book Value</b>	<b>389,734</b>	<b>346,011</b>

**8. Investment in subsidiary**

The company owns 100% of the ordinary share capital of  
BRM Insurance Consultants Limited

Interests in group  
undertakings  
£

**Cost and net book value**

At 1<sup>st</sup> January 2001 and 31<sup>st</sup> December 2001

217,876

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Consolidated accounts are not prepared as the company  
is a wholly owned subsidiary of another UK company

**9. Creditors: amounts falling due within one year**

	2001 £	2000 £
Bank overdraft	31,253	31,253
Trade creditors	1,354,891	1,276,929
Amounts owed to group undertakings	7,952,688	5,884,018
Corporation tax	45,961	66,102
Other taxation and social security payable	64,304	46,475
Accruals and deferred income	100,409	103,883
	<hr/>	<hr/>
	9,549,506	7,408,660
	<hr/>	<hr/>

**10. Called-up share capital**

	2001 £	2000 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
360 ordinary shares of £1 each	360	360
	<hr/>	<hr/>

**11. Profit and loss account**

	£
At 1 January 2001	(1,185,782)
Retained profit for the year	<u>163,414</u>
At 31 December 2001	<u>(1,022,368)</u>

Cumulative goodwill written off relating to the purchase of businesses prior to 1998 which has now been eliminated against the profit and loss account reserve amounts to £3,720,361 (2000 £3,720,361).

**12. Reconciliation of movements in equity shareholders' funds**

	2001 £	2000 £
Retained profit for the year	<b>163,414</b>	532,518
Revaluation reserve for the year	<b>93,878</b>	-
Opening shareholders' funds	<b>(1,185,422)</b>	(1,717,940)
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>(928,130)</b>	(1,185,422)
	<hr/>	<hr/>

**13. Financial commitments**

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Property Rentals	Other	Property Rentals	Other
Expiring:	£	£	£	£
Within one year	54,583	-	54,930	-
Between two and five years	48,000	-	62,308	-
After five years	36,450	-	53,850	-
	<hr/>	<hr/>	<hr/>	<hr/>

**14. 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.

**15. 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, Arleston Way, Solihull, B90 4LH.