

**OBC Insurance Consultants Limited**

**Annual report**

**for the year ended 31 December 2000**

Registered no: 320321



# **OBC Insurance Consultants Limited**

## **Annual report for the year ended 31 December 2000**

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**Directors' report  
for the year ended 31 December 2000**

The directors present their report and the audited financial statements for the year ended 31 December 2000.

**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 £532,518 has been transferred to reserves.

**Acquisition of subsidiary company's business**

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 £240,667.

**Directors**

The directors who served during the year are as follows:

J Shipley	
E Pearson	(Appointed 13 June 2000)
K N F Deakin	(Appointed 29 December 2000)
D Pearson	(Appointed 29 December 2000)
R Paston	(Retired 31 December 2000)
M J Vaughan	(Resigned 30 March 2000)
A J V Giles	(Resigned 25 February 2000)

Mr G J Heathfield was appointed a director on 1 January 2001.

The interests in the share capital of Secure Trust Banking Group PLC of the directors in office at 31 December 2000 were as follows:

	At 31 December 2000	At 31 December 1999 (or on appointment)
	Ordinary 1p shares	Ordinary 1p shares
K N F Deakin	721	721
J Shipley	1,500	1,500

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

The balance of share options granted to, but not exercised by, the directors at 31 December 2000 is as follows:

	Date Granted	Option price Purchase	Number of options	
			1 January 2000 (or on appointment)	31 December 2000
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.

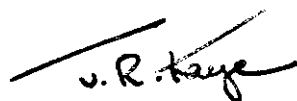
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The directors also confirm that applicable accounting 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  
5 April 2001

**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 2000 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  
5 April 2001

**Profit and loss account  
for the year ended 31 December 2000**

	Notes	2000 £	1999 £
Turnover	1	3,666,805	3,568,954
Administrative expenses		3,333,743	3,322,089
Operating profit		333,062	246,865
Dividend from group undertaking		240,667	-
Profit on ordinary activities before taxation	4	573,729	246,865
Taxation	5	41,211	77,240
Retained profit for the year	12	532,518	169,625

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 2000

	Notes	2000 £	1999 £
<b>Fixed assets</b>			
Intangible assets	6	66,371	51,771
Tangible assets	7	717,542	850,024
Investment in subsidiary	8	217,876	217,876
		<hr/>	<hr/>
		1,001,789	1,119,671
<b>Current assets</b>			
Debtors	9	4,108,690	12,874,189
Property held for resale		36,000	36,000
Cash in hand		1,076,759	1,187,200
		<hr/>	<hr/>
		5,221,449	14,097,389
<b>Creditors:</b>			
Amounts falling due within one year	10	(7,408,660)	(16,935,000)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(2,187,211)	(2,837,611)
		<hr/>	<hr/>
<b>Net liabilities</b>		(1,185,422)	(1,717,940)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	360	360
Profit and loss account	12	(1,185,782)	(1,718,300)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		(1,185,422)	(1,717,940)
		<hr/>	<hr/>

The financial statements on pages 4 to 13 were approved by the board of directors on 5 April 2001 and were signed on its behalf by:



J Shipley  
Director

**Notes to the financial statements  
for the year ended 31 December 2000****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.

**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.



**1 Principal accounting policies (continued)****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 Directors' emoluments**

	2000 £	1999 £
Emoluments (including pension contributions and benefits in kind)	22,574	84,882
	<hr/>	<hr/>

The emoluments of the highest paid director, excluding pension contributions, were £19,584 (1999: £73,272).

The emoluments of Mr Shipley, Mr Paston, Mr Giles Mr Deakin and Mr Pearson 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:	2000 Number	1999 Number
Administration	129	135
	<hr/>	<hr/>

	2000 £	1999 £
<b>Staff costs:</b>		
Wages and salaries	1,895,709	1,874,321
Social security costs	163,359	158,834
Other pension costs (see note 15)	20,628	24,105
	<hr/>	<hr/>
	2,079,696	2,057,260
	<hr/>	<hr/>

#### 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.

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable	33,388	52,558
Profit on disposal of fixed assets	17,035	6,802
	<hr/>	<hr/>
And after charging:		
Amortisation of goodwill	4,700	2,575
Depreciation on tangible fixed assets	151,460	154,330
Auditors' remuneration – audit fees	23,000	22,082
Equipment rentals	2,382	6,784
Other operating lease rentals	230,590	230,002
	<hr/>	<hr/>

Auditors' remuneration for non-audit services amounted to £3,000 (1999: £3,000).

#### 5 Taxation

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999: 30.25%)		
Current	103,205	76,402
Over provision in respect of prior years	(61,994)	838
	<hr/>	<hr/>
	41,211	77,240
	<hr/>	<hr/>

**6 Intangible assets**

Goodwill	Cost £	Amortisation £	Net book Value £
At 1 January 2000	55,346	(3,575)	51,771
Group transfer re subsidiary acquired	42,500	(23,200)	19,300
Charge for the year	-	(4,700)	(4,700)
<b>At 31 December 2000</b>	<b>97,846</b>	<b>(31,475)</b>	<b>66,371</b>

Total goodwill is being amortised over 20 years.

**7 Tangible fixed assets**

	Freehold property £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2000	480,000	1,214,736	163,900	1,858,636
Additions	-	26,103	50,286	76,389
Group transfer	-	39,381	-	39,381
Disposals	(45,000)	(480,787)	(71,229)	(597,016)
<b>At 31 December 2000</b>	<b>435,000</b>	<b>799,433</b>	<b>142,957</b>	<b>1,377,390</b>
<b>Depreciation</b>				
At 1 January 2000	89,400	848,331	70,881	1,008,612
Group transfer	-	36,095	-	36,095
Charge for year	9,524	100,965	40,971	151,460
Disposals	(9,935)	(480,787)	(45,597)	(536,319)
<b>At 31 December 2000</b>	<b>88,989</b>	<b>504,604</b>	<b>66,255</b>	<b>659,848</b>
<b>Net book value</b>				
<b>At 31 December 2000</b>	<b>346,011</b>	<b>294,829</b>	<b>76,702</b>	<b>717,542</b>
<b>Net book value</b>				
<b>At 31 December 1999</b>	<b>390,600</b>	<b>366,405</b>	<b>93,019</b>	<b>850,024</b>

**8 Investment in subsidiary**

	Interests in group Undertakings £
<b>Cost and net book value</b>	
At 1 January 2000 and 31 December 2000	217,876

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

**9 Debtors**

	2000 £	1999 £
<b>Amounts falling due within one year</b>		
Trade debtors	1,055,566	675,101
Amounts owed by group undertakings	2,893,309	12,099,024
Prepayments and accrued income	159,815	100,064
	<hr/>	<hr/>
	4,108,690	12,874,189
	<hr/>	<hr/>

**10 Creditors: amounts falling due within one year**

	2000 £	1999 £
Bank overdraft	31,253	212,903
Trade creditors	1,276,929	1,457,569
Amounts owed to group undertakings	5,884,018	15,089,210
Corporation tax	66,102	101,271
Other taxation and social security payable	46,475	41,081
Accruals and deferred income	103,883	32,966
	<hr/>	<hr/>
	7,408,660	16,935,000
	<hr/>	<hr/>

**11 Called-up share capital**

	2000 £	1999 £
<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/>

**12 Profit and loss account**

	£
At 1 January 2000	(1,718,300)
Retained profit for the year	532,518
	<hr/>
At 31 December 2000	(1,185,782)
	<hr/>

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 (1999 £3,720,361).

**13 Reconciliation of movements in equity shareholders' funds**

	2000 £	1999 £
Retained profit for the year	532,518	169,625
Opening shareholders' funds	(1,717,940)	(1,887,565)
	<hr/>	<hr/>
Closing shareholders' funds	(1,185,422)	(1,717,940)
	<hr/>	<hr/>

**14 Financial commitments**

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000		1999	
	Property rentals	Other	Property Rentals	Other
Expiring:	£	£	£	£
Within one year	54,930	-	88,482	-
Between two and five years	62,308	-	72,346	-
After five years	53,850	-	76,350	-
	<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.