

**Registered no: 320321**

**OBC Insurance Consultants Limited**  
**Annual report**  
**for the year ended 31 December 2003**



# **OBC Insurance Consultants Limited**

## **Annual report for the year ended 31 December 2003**

	<b>Pages</b>
<b>Directors' report</b>	<b>1 – 2</b>
<b>Statement of directors' responsibilities</b>	<b>2</b>
<b>Report of the auditors</b>	<b>3 – 4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Note of historical cost profits</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 – 16</b>

**Directors' report  
for the year ended 31 December 2003**

The directors present their report and the audited financial statements for the year ended 31 December 2003.

**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.

**Post balance sheet event**

On 1<sup>st</sup> January 2004 the company completed the purchase of the assets and trade of Roy Ashby Insurance Brokers (see note 18).

**Dividend and transfer to reserves**

The directors do not recommend the payment of a dividend (2002: Nil). The profit for the year of £238,232 has been transferred to reserves.

**Directors**

The directors who served throughout the year are as follows:

K N F Deakin

D Pearson

J Shipley

G Heathfield

E Pearson

Mr E Pearson died on 18 January 2004.

**Directors' interests**

The interests in the share capital of Secure Trust Banking Group PLC of the directors in office at 31 December 2003 were as follows:

	<b>At 31 December 2003 Ordinary 1p shares</b>	<b>At 31 December 2002 Ordinary 1p shares</b>
J Shipley	1,500	1,500

K N F Deakin and D Pearson are directors of Secure Trust Banking Group PLC and their interests are shown in the directors' report of that company.

**Directors' report (continued)**

**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.

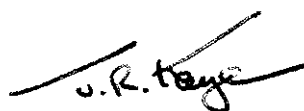
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The directors also confirm that applicable accounting 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 LLP as auditors to the company will be proposed at the Annual General Meeting.

**By order of the board**

A handwritten signature in black ink, appearing to read 'J.R. Kaye', with a long horizontal stroke extending to the right.

**J R Kaye**  
Secretary  
26 March 2004

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

**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.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. The other information comprises only the directors' report.

**Independent auditors' report to the members of  
OBC Insurance Consultants Limited (Continued)****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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham  
26 March 2004

**Profit and loss account  
for the year ended 31 December 2003**

	Notes	2003 £	2002 £
Turnover	1	<b>4,019,575</b>	3,917,961
Administrative expenses		<b>(3,672,511)</b>	(3,668,887)
Profit on ordinary activities before taxation	4	<b>347,064</b>	249,074
Taxation	5	<b>(108,832)</b>	(76,500)
Retained profit for the year	13	<b>238,232</b>	172,574

The above results relate wholly to continuing activities.

There were no recognised gains or losses other than the profit shown above and therefore no separate statement of total recognised gains and losses has been presented.

**Note of Historical cost profits for the  
year ended 31 December 2003.**

	<b>2003 £</b>	<b>2002 £</b>
Reported profit on ordinary activities before taxation	<b>347,064</b>	<b>249,074</b>
Realisation of property gains of previous years	<b>-</b>	<b>9,873</b>
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>440</b>	<b>10,957</b>
Historical cost profit on ordinary activities before taxation	<b>347,504</b>	<b>269,904</b>
Historical cost profit on ordinary activities after taxation	<b>238,672</b>	<b>193,404</b>



# Balance sheet at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Intangible assets	6	51,688	56,583
Tangible assets	7	719,797	768,522
Investment in subsidiary	8	217,876	217,876
		<u>989,361</u>	<u>1,042,981</u>
<b>Current assets</b>			
Debtors	9	1,334,649	1,164,455
Property held for resale		42,500	42,500
Cash in hand		14,023,480	6,814,934
		<u>15,400,629</u>	<u>8,021,889</u>
<b>Creditors:</b>			
Amounts falling due within one year	10	(16,888,541)	(9,801,653)
<b>Net current liabilities</b>		<u>(1,487,912)</u>	<u>(1,779,764)</u>
<b>Net liabilities</b>		<u>(498,551)</u>	<u>(736,783)</u>
<b>Capital and reserves</b>			
Called up share capital	11	360	360
Revaluation Reserve	12	72,608	73,048
Profit and loss account	13	(571,519)	(810,191)
<b>Equity shareholders' funds</b>		<u>(498,551)</u>	<u>(736,783)</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 26 March 2004 and were signed on its behalf by:



J Shipley  
Director

**Notes to the financial statements  
for the year ended 31 December 2003****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 applied consistently, 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.

**Consolidated accounts**

Under section 228(1) of the Companies Act 1985 the company is exempt from the requirement to prepare group accounts, therefore consolidated accounts have not been prepared and these financial statements only present information about the company as an individual undertaking.

**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.

**Investment in subsidiary**

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

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Cash flows and related party transactions**

The company is a wholly owned subsidiary of Secure Trust Banking Group PLC and is included in the consolidated financial statements of Secure Trust Banking Group PLC which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is, also, exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Secure Trust Banking Group PLC.

**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.

**2. Directors' emoluments**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
Emoluments (including benefits in kind)	<b>78,331</b>	70,956
Pension Contributions	<b>9,420</b>	9,180

The emoluments of the highest paid director, excluding pension contributions, were £78,331 (2002: £70,956).

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**

<b>By activity:</b>	<b>2003</b> <b>Number</b>	<b>2002</b> <b>Number</b>
The average monthly number of persons (including executive directors) employed by the company during the year was		
Administration	<b>146</b>	140

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
<b>The staff costs in respect of these employees were:</b>		
Wages and salaries	<b>2,057,110</b>	2,040,829
Social security costs	<b>180,884</b>	172,717
Other pension costs	<b>22,837</b>	25,664
	<b>2,260,831</b>	2,239,210

**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.

	2003 £	2002 £
Profit on ordinary activities before taxation is stated after Crediting:		
Rent receivable	17,587	16,965
Profit/(loss) on disposal of fixed assets	2,522	(44)
	<hr/>	<hr/>
And after charging:		
Amortisation of goodwill	4,895	4,897
Depreciation on tangible fixed assets	159,413	168,165
Auditors' remuneration – audit fees	25,000	25,000
Equipment rentals	4,479	3,484
Other operating lease rentals	166,639	166,168
	<hr/>	<hr/>

Auditors' remuneration for non-audit services amounted to £3,000 (2002: £3,000)

**5. Taxation**

	2003 £	2002 £
Current tax:		
The taxation charge comprises:		
United Kingdom corporation tax at 30% (2002: 30%)		
Current	112,408	86,528
(Over)/under provision in respect of prior years	315	(5,794)
	<hr/>	<hr/>
Total current tax	112,723	80,734
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	(5,383)	(7,532)
Under/(Over) provision in respect of prior years	1,492	3,298
	<hr/>	<hr/>
Total deferred tax	(3,891)	(4,234)
	<hr/>	<hr/>
Tax on profit on ordinary activities	108,832	76,500
	<hr/>	<hr/>

The tax assessed for the period is lower than the standard rate in the UK 30%. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	347,064	249,074
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2002:30%)	104,119	74,722
Effects of:		
Non qualifying depreciation	2,906	3,932
Entertaining	-	58
Prior year adjustment	1,807	(2,212)
Deferred tax	3,891	4,234
	<hr/>	<hr/>
	112,723	80,734
	<hr/>	<hr/>

**6. Intangible assets**

Goodwill	Cost £	Amortisation £	Net book Value £
At 1 January 2003	97,846	(41,263)	56,583
Charge for the year	-	(4,895)	(4,895)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2003</b>	<b>97,846</b>	<b>46,158</b>	<b>51,688</b>
	<hr/>	<hr/>	<hr/>

Total goodwill of £97,846 is being amortised over 20 years as this is considered to be the best measure of its useful life.

## 7. Tangible fixed assets

	Freehold property £	Office Equipment £	Motor vehicles £	Total £
<b>Cost or Valuation</b>				
At 1 January 2003	484,024	786,018	164,751	1,434,793
Additions	-	99,330	36,428	135,758
Group transfer	-	-	(39,753)	(39,753)
Disposals	-	-	(18,018)	(18,018)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	484,024	885,348	143,408	1,512,780
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2003	50,537	539,814	75,920	666,271
Group transfer	-	-	(21,289)	(21,289)
Charge for year	9,684	114,378	35,351	159,413
Disposals	-	-	(11,412)	(11,412)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	60,221	654,192	78,570	792,983
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 December 2003</b>	<b>423,803</b>	<b>231,156</b>	<b>64,838</b>	<b>719,797</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2002	433,487	246,204	88,831	768,522
	<hr/>	<hr/>	<hr/>	<hr/>

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 directors are not aware of any material change in value since December 2001 and therefore the valuation has not been updated.

If freehold property had not been revalued, it would have been included at the following amounts:

	2003 £	2002 £
Cost	462,224	462,224
Aggregate depreciation	(109,767)	(100,523)
	<hr/>	<hr/>
<b>Net book value</b>	<b>352,457</b>	<b>361,701</b>
	<hr/>	<hr/>

**8. Investment in subsidiary**

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

**Cost and net book value**

At 1<sup>st</sup> January 2003 and 31<sup>st</sup> December 2003

**217,876**

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

**9. Debtors**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year		
Trade debtors	<b>1,165,262</b>	1,052,646
Amounts owed by group undertakings		-
Prepayments and accrued income	<b>142,489</b>	88,802
Deferred tax	<b>26,898</b>	23,007
	<hr/>	<hr/>
	<b>1,334,649</b>	1,164,455
	<hr/>	<hr/>

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

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank overdraft	<b>31,253</b>	31,253
Trade creditors	<b>1,125,058</b>	1,279,753
Amounts owed to group undertakings	<b>15,445,768</b>	8,239,269
Corporation tax	<b>71,061</b>	55,838
Other taxation and social security payable	<b>48,139</b>	39,447
Accruals and deferred income	<b>167,262</b>	156,093
	<hr/>	<hr/>
	<b>16,888,541</b>	9,801,653
	<hr/>	<hr/>

**11. Called-up share capital**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<b>1,000</b>	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
360 ordinary shares of £1 each	<b>360</b>	360
	<hr/>	<hr/>



**12. Revaluation reserve**

	£
At 1 January 2003	73,048
Transfer to profit and loss account	(440)
	<hr/>
<b>At 31 December 2003</b>	<b>72,608</b>
	<hr/>

**13. Profit and loss account**

	2003 £	2002 £
At 1 January 2003	(810,191)	(1,003,595)
Retained profit for the year	238,232	172,574
Transfer from revaluation reserve	440	20,830
	<hr/>	<hr/>
<b>At 31 December 2003</b>	<b>(571,519)</b>	<b>(810,191)</b>
	<hr/>	<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 (2002 £3,720,361).

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

	2003 £	2002 £
Retained profit for the year	238,232	172,574
Opening shareholders' funds	(736,783)	(909,357)
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>(498,551)</b>	<b>(736,783)</b>
	<hr/>	<hr/>

**15. Financial commitments**

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	<b>2003</b>	<b>2002</b>
	<b>Property</b>	<b>Property</b>
	<b>Rentals</b>	<b>Rentals</b>
	<b>£</b>	<b>£</b>
Expiring:		
Within one year	42,258	45,833
Between two and five years	87,869	61,344
After five years	17,700	37,450

**16. Capital Commitments**

At 31 December 2003 the company had capital commitments of £24,600 (2002 – £12,112).

**17. 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.

**18. Post balance sheet event**

On 1<sup>st</sup> January 2004 the company completed the purchase of the assets and trade of Roy Ashby Insurance Brokers, a sole trader located in the West Midlands, for a total consideration of £270,000, payable in two stages and contingent on the retention of at least 65% of business.

**19. Ultimate parent undertaking**

The directors regard Secure Trust Banking Group PLC, a company registered in England and Wales, as the immediate and the ultimate parent undertaking 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, One Arlestone Way, Solihull, B90 4LH.