

Registered no: 320321

OBC Insurance Consultants Limited

Annual report

for the year ended 31 December 2004



OBC Insurance Consultants Limited

Annual report for the year ended 31 December 2004

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**Directors' report
for the year ended 31 December 2004**

The directors present their report and the audited financial statements for the year ended 31 December 2004.

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 (2003: Nil). The profit for the year of £527,618 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 (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 2004 were as follows:

	At 31 December 2004 Ordinary 1p shares	At 31 December 2003 Ordinary 1p shares
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.

Mr Heathfield had no interest in group companies either at the commencement of the year or at the year end.

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.

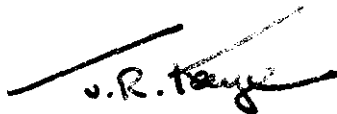
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004. The directors also confirm that applicable accounting 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', is written over a horizontal line.

J R Kaye
Secretary
24 March 2005

**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)**

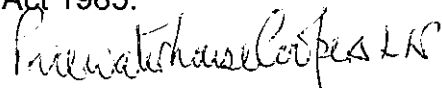
Basis of audit opinion

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 2004 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
24 March 2005

**Profit and loss account
for the year ended 31 December 2004**

	Notes	2004 £	2003 £
Turnover	1	4,683,067	4,019,575
Administrative expenses		(3,924,973)	(3,672,511)
Profit on ordinary activities before taxation	4	758,094	347,064
Taxation	5	(230,476)	(108,832)
Retained profit for the year	13	527,618	238,232

The above results relate wholly to continuing activities.

**Statement of Total Recognised Gains and Losses
at 31 December 2004**

	Notes	2004 £	2003 £
Profit for the financial year		527,618	238,232
Unrealised surplus arising on revaluation of freehold property	7	268,381	-
Total recognised gains and losses in the year		795,999	238,232

Note of Historical cost profits for the year ended 31 December 2004.

	2004 £	2003 £
Reported profit on ordinary activities before taxation	758,094	347,064
Realisation of property gains of previous years	6,500	-
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	440	440
Historical cost profit on ordinary activities before taxation	765,034	347,504
Historical cost profit on ordinary activities after taxation	534,558	238,672

Balance sheet at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	6	319,383	51,688
Tangible assets	7	1,035,000	719,797
Investment in subsidiary	8	217,876	217,876
		<u>1,572,259</u>	<u>989,361</u>
Current assets			
Debtors	9	1,451,936	1,334,649
Property held for resale		-	42,500
Cash in hand		7,944	14,023,480
		<u>1,459,880</u>	<u>15,400,629</u>
Creditors:			
Amounts falling due within one year	10	(2,734,691)	(16,888,541)
Net current liabilities		<u>(1,274,811)</u>	<u>(1,487,912)</u>
Net assets/(liabilities)		<u>297,448</u>	<u>(498,551)</u>
Capital and reserves			
Called up share capital	11	360	360
Revaluation Reserve	12	334,049	72,608
Profit and loss account	13	(36,961)	(571,519)
Equity shareholders' funds		<u>297,448</u>	<u>(498,551)</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 24 March 2005 and were signed on its behalf by:



J Shipley
Director

**Notes to the financial statements
for the year ended 31 December 2004****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.

OBC Insurance Consultants Limited

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2. Directors' emoluments

	2004 £	2003 £
Emoluments (including benefits in kind)	82,565	78,331
Pension Contributions	9,750	9,420

The emoluments of the highest paid director, excluding pension contributions, were £82,565 (2003: £78,331).

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:	2004 Number	2003 Number
The average monthly number of persons (including executive directors) employed by the company during the year was		

Administration	142	146
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	2004 £	2003 £
The staff costs in respect of these employees were:		
Wages and salaries	2,125,705	2,057,110
Social security costs	191,842	180,884
Other pension costs	19,611	22,837
	2,337,158	2,260,831

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.

	2004 £	2003 £
Profit on ordinary activities before taxation is stated after		
Crediting:		
Rent receivable	17,332	17,587
Profit on disposal of fixed assets	10,606	2,522
Profit on disposal of property held for resale	37,308	-
	<hr/>	<hr/>
And after charging:		
Amortisation of goodwill	10,836	4,895
Depreciation on tangible fixed assets	125,976	159,413
Auditors' remuneration – audit fees	27,067	25,000
Equipment rentals	4,758	4,479
Other operating lease rentals	188,565	166,639
	<hr/>	<hr/>

Auditors' remuneration for non-audit services amounted to £3,000 (2003: £3,000)

5. Taxation

	2004 £	2003 £
Current tax:		
The taxation charge comprises:		
United Kingdom corporation tax at 30% (2003: 30%)		
Current	228,545	112,408
(Over)/under provision in respect of prior years	(1,228)	315
	<hr/>	<hr/>
Total current tax	227,317	112,723
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	4,990	(5,383)
Under/(Over) provision in respect of prior years	(1,831)	1,492
	<hr/>	<hr/>
Total deferred tax	3,159	(3,891)
	<hr/>	<hr/>
Tax on profit on ordinary activities	230,476	108,832
	<hr/>	<hr/>

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

	2004 £	2003 £
Profit on ordinary activities before tax	758,094	347,064
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2003:30%)	227,428	104,119
Effects of:		
Non qualifying depreciation	2,906	2,906
Entertaining	363	-
Other	2,838	
Prior year adjustment	(3,059)	1,807
Deferred tax	(3,159)	3,891
	<hr/>	<hr/>
	227,317	112,723
	<hr/>	<hr/>

6. Intangible assets

Goodwill	Cost £	Amortisation £	Net book Value £
At 1 January 2004	97,846	(46,158)	51,688
Additions	278,531	-	278,531
Charge for the year	-	(10,836)	(10,836)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	376,377	(56,994)	319,383
	<hr/>	<hr/>	<hr/>

Total goodwill of £376,377 is being amortised over 20 years as this is considered to be the best measure of its useful life. The goodwill arising in the year results from the acquisition of the business of Roy Ashby Insurance Brokers for a total consideration of £270,000 plus expenses.

7. Tangible fixed assets

	Freehold property £	Office Equipment £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 January 2004	484,024	885,348	143,408	1,512,780
Additions	-	95,366	115,761	211,127
Group transfer		(1,416)	(38,134)	(39,550)
Revaluation	198,476	-	-	198,476
Disposals	-	-	(78,698)	(78,698)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	682,500	979,298	142,337	1,804,135
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2004	60,221	654,192	78,570	792,983
Group transfer	-	(1,416)	(14,349)	(15,765)
Charge for year	9,684	79,238	37,054	125,976
Revaluation	(69,905)	-	-	(69,905)
Disposals	-	-	(64,154)	(64,154)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	-	732,014	37,121	769,135
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2004	682,500	247,284	105,216	1,035,000
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2003	423,803	231,156	64,838	719,797
	<hr/>	<hr/>	<hr/>	<hr/>

The freehold properties were revalued by Fraser Wood, Mayo & Pinson, Chartered Surveyors, in December 2004, 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 2004 and therefore the valuation has not been updated.

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

	2004 £	2003 £
Cost	462,224	462,224
Aggregate depreciation	(119,011)	(109,767)
	<hr/>	<hr/>
Net book value	343,213	352,457
	<hr/>	<hr/>

8. Investment in subsidiary

	Interests in group undertakings £
The company owns 100% of the ordinary share capital of BRM Insurance Consultants Limited	
Cost and net book value	
At 1 st January 2004 and 31 st December 2004	217,876

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

9. Debtors

	2004 £	2003 £
Amounts falling due within one year		
Trade debtors	1,248,613	1,165,262
Prepayments and accrued income	179,584	142,489
Deferred tax	23,739	26,898
	<hr/>	<hr/>
	1,451,936	1,334,649
	<hr/>	<hr/>

10. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	31,253
Trade creditors	1,640,456	1,125,058
Amounts owed to group undertakings	494,350	15,445,768
Corporation tax	262,990	71,061
Other taxation and social security payable	42,825	48,139
Accruals and deferred income	294,070	167,262
	<hr/>	<hr/>
	2,734,691	16,888,541
	<hr/>	<hr/>

11. Called-up share capital

	2004 £	2003 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
360 ordinary shares of £1 each	360	360
	<hr/>	<hr/>

12. Revaluation reserve

	£
At 1 January 2004	72,608
Transfer to profit and loss account	(6,940)
Revaluation during the year	268,381
	<hr/>
At 31 December 2004	334,049
	<hr/>

13. Profit and loss account

	2004 £	2003 £
At 1 January 2004	(571,519)	(810,191)
Retained profit for the year	527,618	238,232
Transfer from revaluation reserve	6,940	440
	<hr/>	<hr/>
At 31 December 2004	(36,961)	(571,519)
	<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 (2003 £3,720,361).

14. Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Retained profit for the year	527,618	238,232
Revaluation during the year	268,381	-
Opening shareholders' funds	(498,551)	(736,783)
	<hr/>	<hr/>
Closing shareholders' funds	297,448	(498,551)
	<hr/>	<hr/>

15. Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004 Property Rentals £	2003 Property Rentals £
Expiring:		
Within one year	37,470	42,258
Between two and five years	72,200	87,869
After five years	54,245	17,700

16. Capital Commitments

At 31 December 2004 the company had capital commitments of £Nil (2003 – £24,600).

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. 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 Arleston Way, Solihull, B90 4LH.