

Registered No: 941616

Secure Trust Financial Services Limited

Annual Report

for the year ended 31 December 2005



**Directors' report
for the year ended 31 December 2005**

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The company refers customers to third party independent advisors for which it receives commission.

Business review

The profit for the year is set out in the Income Statement on page 4.

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

Results for the year

The directors do not recommend the payment of a dividend. The profit for the year of £8,556 has been transferred to reserves.

Directors and their interests

The directors who served throughout the year were as follows:

KNF Deakin

D Pearson

J Shipley

Mr Shipley is also a director of the immediate parent company, Secure Trust Bank PLC, and his interests in group companies are shown in the directors' report of that company.

Mr Deakin and Mr Pearson are also directors of the ultimate parent company, Arbuthnot Banking Group PLC, and their interests in group companies are shown in the directors' report of that company.

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, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. 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 maintaining adequate accounting records and taking reasonable steps to safeguard the assets of the company and detect fraud or any other irregularities.

Directors' report (continued)

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
19 May 2006

**Independent auditors' report to the members of
Secure Trust Financial Services Limited**

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We have audited the financial statements of Secure Trust Financial Services Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Shareholders' Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 whether the financial statements have been 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
19 May 2006

Income Statement
for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	26,754	102,572
		<hr/>	<hr/>
Gross profit		26,754	102,572
Administrative expenses		(9,329)	(13,881)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	17,425	88,691
Taxation	5	(8,869)	(21,852)
		<hr/>	<hr/>
Profit for the year	10	8,556	66,839
		<hr/>	<hr/>

The above results relate wholly to continuing operations.

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

Secure Trust Financial Services Limited

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**Balance sheet
at 31 December 2005**

	Notes	2005 £	2004 £
Tangible fixed assets	6	-	1,024
Current assets			
Debtors	7	85,542	118,119
Creditors: amounts falling due within one year	8	(8,884)	(51,041)
Net Current assets		76,658	67,078
Net assets		76,658	68,102
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	75,658	67,102
Equity shareholders' funds	11	76,658	68,102

The financial statements on pages 4 to 10 were approved by the board of directors on 19 May 2006 and were signed on its behalf by:



J. Shipley
Director

Secure Trust Financial Services Limited

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Statement of changes in equity**For the year ended 31 December 2005**

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2004	1,000	113,263	114,263
Profit for 2004	-	66,839	66,839
Dividend paid	-	(113,000)	(113,000)
Balance at 31 December 2004/ 1 January 2005	1,000	67,102	68,102
Profit for 2005	-	8,556	8,556
Balance at 31 December 2005	1,000	75,658	76,658

Cash Flow Statement**For the year ended 31 December 2005**

	2005 £	2004 £
Cash inflows from operating activities		
Commission	26,754	102,572
Cash payments to suppliers	(8,305)	(11,838)
Taxation paid	(50,373)	-
Cash flows from operating activities before changes in operating assets and liabilities	(31,924)	90,734
Changes in operating assets and liabilities		
- Net decrease in group company balances	21,732	7,213
- Decrease/(increase) in prepayments	10,192	(11,225)
Net cash from operating activities	-	86,722
Cash flows from financing activities		
Dividend paid	-	(113,000)
Net cash used in financing activities	-	(113,000)
Net decrease in cash and cash equivalents	-	(26,278)
Cash and cash equivalents at end of year	-	-
Net decrease in cash and cash equivalents	-	(26,278)

**Notes to the financial statements
for the year ended 31 December 2005****1 Principal accounting policies**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are the first full financial statements prepared by the Company in accordance with IFRS. The impact of the change from UK Generally Accepted Accounting Policies (UK GAAP) has had no effect on the results for the year or for previous years. Accordingly comparative information for 2004 has not been restated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

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.

Depreciation

Depreciation on equipment is provided on a straight line basis at 20% per annum, which is calculated to write off those assets over their estimated useful lives.

2. Turnover

Turnover relates to commission income earned from third party independent financial advisors.

3. Directors' emoluments and employee information

The emoluments of the directors are paid by the immediate parent 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 the parent company.

Notes to the financial statements (continued)

4 Profit on ordinary activities before taxation

	2005 £	2004 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	1,020	595
Depreciation of tangible fixed assets	1,024	2,043
	<hr/>	<hr/>

5 Tax on profit on ordinary activities

	2005 £	2004 £
Current tax:		
The taxation charge comprises:		
United Kingdom corporation tax at 30% (2004: 30%)		
Current	4,881	26,914
Over provision in respect of prior years	3,335	(7,779)
	<hr/>	<hr/>
Total current tax	8,216	19,135
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	653	256
Under provision in respect of prior years	-	2,461
	<hr/>	<hr/>
Total deferred tax	653	2,717
	<hr/>	<hr/>
Tax on profit on ordinary activities	8,869	21,852
	<hr/>	<hr/>

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

	2005 £	2004 £
Profit on ordinary activities before tax	17,245	88,691
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004:30%)	5,174	26,607
	<hr/>	<hr/>
Effects of:		
Accelerated capital allowances and other timing differences	360	563
Prior year adjustment	3,335	(5,318)
	<hr/>	<hr/>
	8,869	21,852
	<hr/>	<hr/>

Notes to the financial statements (continued)

6 Tangible fixed assets

	Equipment
Cost/Valuation	£
At 1 January 2005 and 31 December 2005	6,129
	<hr/>
Depreciation	
At 1 January 2005	5,105
Charge for the year	1,024
	<hr/>
At 31 December 2005	6,129
	<hr/>
Net book values	
At 31 December 2005	-
	<hr/>
At 31 December 2004	1,024
	<hr/>

7 Debtors

	2005	2004
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	82,864	104,596
Prepayments	1,033	11,225
Deferred tax	1,645	2,298
	<hr/>	<hr/>
	85,542	118,119
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2005	2004
	£	£
Corporation tax	4,884	47,041
Accruals	4,000	4,000
	<hr/>	<hr/>
	8,884	51,041
	<hr/>	<hr/>

Notes to the financial statements (continued)

9 Called up share capital

	2005 £	2004 £
Authorised, allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

10 Profit and loss account

	£
At 1 January 2005	67,102
Profit for the year	8,556
	<u> </u>
At 31 December 2005	75,658
	<u> </u>

11 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Opening equity shareholders' funds	68,102	1,263
Profit for the year	8,556	66,839
	<u> </u>	<u> </u>
Closing equity shareholders' funds	76,658	68,102
	<u> </u>	<u> </u>

12 Ultimate parent undertaking

The immediate parent undertaking is Secure Trust Bank PLC.

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

A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from The Secretary, Arbuthnot Banking Group PLC, One Arleston Way, Solihull, B90 4LH.