

Arbuthnot Pension Trustees Limited  
Annual report  
for the year ended 31 December 1999



# **Arbuthnot Pension Trustees Limited**

## **Annual report for the year ended 31 December 1999**

	<b>Pages</b>
<b>Directors and advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2-3</b>
<b>Report of the auditors</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7-11</b>

**Directors and advisers**

**Directors**

A G Nicholson  
J R Cornacchia  
S J Lockley  
A D S Miller

**Secretary and registered office**

J R Cornacchia  
Thames Bridge House  
Henley Bridge  
Henley-on-Thames  
Oxon  
RG9 2LN

**Auditors**

PricewaterhouseCoopers  
Chartered Accountants  
9 Greyfriars Road  
Reading  
RG1 1JG

**Bankers**

Bank of Scotland  
14/16 Cockspur Street  
London  
SW1Y 5BL

Arbuthnot Latham & Co., Limited  
Royex House  
Aldermanbury Square  
London  
EC2V 7NU

## **Directors' report for the year ended 31 December 1999**

The directors present their report and the audited financial statements of the company for the year ended 31 December 1999.

### **Principal activity**

The principal activity of the company during the year was that of pensions consultants and trustees.

### **Review of Business**

The profit and loss account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### **Dividends**

The directors do not recommend payment of a dividend for the year (1998: £40,000).

### **Directors**

The directors in office during the year were as follows:

A G Nicholson  
J R Cornacchia  
S J Lockley  
A D S Miller

S J Lockley is a director of Secure Trust Banking Group PLC and his interest in group companies is disclosed in the accounts of that company. A G Nicholson owns 24.5% of the issued share capital of MPW Insurance Brokers Limited, a fellow subsidiary of Secure Trust Banking Group PLC.

The interests of directors in the ordinary shares of Secure Trust Banking Group PLC requiring disclosure under the Companies Act 1985 are as follows:

	31 December 1999		1 January 1999	
	Shares	Share options	Shares	Share options
A G Nicholson	9,524	-	9,524	-
J R Cornacchia	-	4,000	-	4,000

### **Year 2000**

The company has experienced no disruption or malfunctions since the turn of the year arising from its own computer systems with embedded date-reliant computer chips. The cost of the work performed was not significant and there are no future costs to be incurred.

## Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:


- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their appointment will be proposed at the Annual General Meeting.

## On behalf of the Board



J R Cornacchia  
Director

**Auditors' report to the members of  
Arbuthnot Pension Trustees Limited**

We have audited the financial statements on pages 5 to 11.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 3, 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.

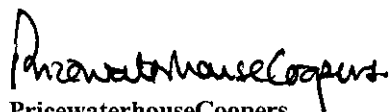
**Basis of opinion**

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 1999 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors  
Reading

24 March 2000.

**Profit and loss account  
for the year ended 31 December 1999**

	Notes	1999 £	1998 £
<b>Turnover - continuing activities</b>	2	<b>292,867</b>	263,311
Administrative expenses		(257,710)	(228,295)
<b>Operating profit – continuing activities</b>		<b>35,157</b>	35,016
Interest receivable	5	4,114	10,797
<b>Profit on ordinary activities before taxation</b>	6	<b>39,271</b>	45,813
Tax on profit on ordinary activities	7	(12,429)	(16,107)
<b>Profit for the financial year after taxation</b>		<b>26,842</b>	29,706
Dividends	8	-	(40,000)
<b>Retained profit/(loss) for the year</b>		<b>26,842</b>	(10,294)
Retained profit brought forward		41,082	51,376
<b>Retained profit carried forward</b>		<b>67,924</b>	41,082

The company has no recognised gains and losses other than the profits 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/(loss) for the year stated above, and their historical cost equivalents.

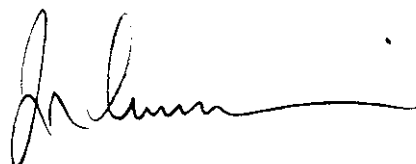
**Balance sheet  
at 31 December 1999**

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	9	48,264	37,036
<b>Current assets</b>			
Debtors	10	64,151	51,204
Cash at bank		20,198	82,692
		84,349	133,896
<b>Creditors: amounts falling due within one year</b>	11	(60,689)	(125,850)
<b>Net current assets</b>		23,660	8,046
<b>Net assets</b>		71,924	45,082
<b>Capital and reserves</b>			
Called up share capital	13	4,000	4,000
Profit and loss account		67,924	41,082
<b>Equity shareholders' funds</b>	14	71,924	45,082

The financial statements on pages 5 to 11 were approved by the board of directors on  
and were signed on its behalf by:

23 MAR 2000

**On behalf of the Board**



J R Cornacchia  
**Director**



## **Notes to the financial statements for the year ended 31 December 1999**

### **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 are prepared in accordance with the historical cost convention.

#### **Turnover**

Turnover represents commissions and fees receivable, excluding value added tax. Income, including commission on indemnity terms, is recognised when its value can be established with an adequate degree of certainty.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write down each asset to its residual value over its estimated useful life.

Furniture and fittings	-	20% on cost
Motor vehicles	-	25% on cost

#### **Deferred taxation**

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### **Pension costs**

The company makes contributions into a defined contribution pension scheme, whose members include the employees of the Secure Trust Banking Group. The amounts paid as contributions are charged to the profit and loss account in the period in which they are payable. The assets of the scheme are held in a separate fund which is administered by the company.

#### **Cashflows**

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 cash flow statement of Secure Trust Banking Group PLC. Consequently the company is exempt under the terms of Financial Reporting Statement No.1 (revised) from publishing a cash flow statement.

### **2 Turnover**

Turnover consists entirely of fees and commissions earned in the United Kingdom.

### 3 Employee information

	1999	1998
	£	£
Wages and salaries	124,528	77,198
Social security costs	12,932	7,662
Other pension costs	14,429	5,476
	151,889	90,336

The average monthly number of employees (excluding directors) remunerated by the company during the year was:

	1999	1998
Secretarial	1	1

### 4 Directors' emoluments

S Lockley is also a director of Secure Trust Banking Group PLC and his remuneration is disclosed in the accounts of that company, as it is not practicable to allocate remuneration to subsidiary companies.

The remuneration of the remaining directors is as follows:

	1999	1998
	£	£
Aggregate emoluments	144,791	141,411
Company pension contributions paid to money purchase Scheme	8,500	7,005
	153,291	148,416

Retirement benefits are accruing to one (1998 - one) directors under a money purchase pension scheme.

### 5 Interest receivable

	1999	1998
	£	£
Bank interest	4,114	10,797

## 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

	1999 £	1998 £
Depreciation – owned assets	15,278	13,534
Auditors' remuneration - audit	2,800	3,000

## 7 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 30.25% (1998: 31%):		
Current year	12,429	16,107
	12,429	16,107

## 8 Dividends

	1999 £	1998 £
Equity shares:		
Final proposed: £Nil (1998: £10) per share	-	40,000
	-	40,000

## 9 Tangible fixed assets

	Motor vehicles £	Furniture & fittings £	Total £
<b>Cost</b>			
At 1 January 1999	46,500	52,972	99,472
Additions	29,488	4,060	33,548
Disposals	(26,000)	-	(26,000)
<b>At 31 December 1999</b>	<b>49,988</b>	<b>57,032</b>	<b>107,020</b>
<b>Depreciation</b>			
At 1 January 1999	17,271	45,165	62,436
Charge for year	11,697	3,581	15,278
Disposals	(18,958)	-	(18,958)
<b>At 31 December 1999</b>	<b>10,010</b>	<b>48,746</b>	<b>58,756</b>
<b>Net book value</b>			
<b>At 31 December 1999</b>	<b>39,978</b>	<b>8,286</b>	<b>48,264</b>
At 31 December 1998	29,229	7,807	37,036

## 10 Debtors

	1999	1998
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	62,795	49,299
Amounts owed by group undertakings	1,356	1,210
ACT recoverable	-	695
	<b>64,151</b>	<b>51,204</b>

## 11 Creditors: amounts falling due within one year

	1999	1998
	£	£
Corporation tax	9,729	16,107
Accruals and deferred income	18,046	10,986
Client funds	32,914	58,757
Dividends payable	-	40,000
	<b>60,689</b>	<b>125,850</b>

## 12 Deferred taxation

The Company has an unrecognised deferred tax asset of £2,851 (1998: £4,002) arising from excess of depreciation over capital allowances.

## 13 Called up share capital

	1999	1998
	£	£
<b>Authorised:</b>		
10,000 ordinary £1 shares	10,000	10,000
<b>Allotted, called up and fully paid:</b>		
4,000 ordinary £1 shares	4,000	4,000

## 14 Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Profit for the financial year	26,842	29,706
Dividends	-	(40,000)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>26,842</b>	<b>(10,294)</b>
Opening shareholders' funds	45,082	55,376
<b>Closing shareholders' funds</b>	<b>71,924</b>	<b>45,082</b>

## **15 Related party disclosures**

As a wholly owned subsidiary of Secure Trust Banking Group PLC, the company is exempt under Financial Reporting Standard 8 (FRS 8) from disclosing transactions with other group companies which will be eliminated on consolidation.

During the year the company took out insurance policies through MPW Insurance Brokers Limited, a company owned by Secure Trust Banking Group PLC and by two directors, A G Nicholson and D G Applebey. All transactions were written under normal commercial terms.

## **16 Ultimate parent company and controlling party**

The company's immediate holding company is Arbuthnot Latham & Co., Limited.

The Directors regard Secure Trust Banking Group PLC as its ultimate holding company and ultimate controlling party. Copies of its consolidated financial statements may be obtained from The Secretary, Secure Trust Banking Group PLC, Paston House, Arleston Way, Solihull, B90 4LH.