

Registered No: 1404439

Secure Homes Services Limited
Annual Report
for the year ended 31 December 1999



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

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

Principal activity

The principal activity of the company during the year was general retailing, and the subletting of freehold premises, on an open market rental, to its parent company.

Business review

The profit and loss account of the year is set out 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 loss for the year of £30,921 has been deducted from reserves.

Directors and their interests

The directors who served throughout the year were as follows:

R Paston
J Shipley

Mr A J V Giles, who was appointed a director on 1 March 1999, resigned on 25 February 2000.

A resolution to re-appoint Mr R Paston as a director of the company will be proposed at the forthcoming Annual General Meeting notwithstanding that he has attained the age of 70.

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

Mr R. Paston is a director of the ultimate parent company, Secure Trust Banking Group PLC, and his interests in the share capital of group companies are shown in the directors' report of that company.

Year 2000

The company experienced no significant problems related to year 2000 issues either with its own systems or with those of third parties.

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, 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers 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 horizontal line drawn above it.

J R Kaye
Secretary
29 March 2000

Auditors' report to the members of Secure Homes Services Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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.

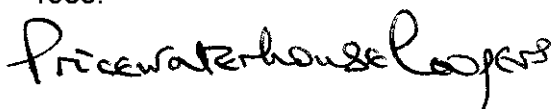
Basis of audit opinion

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 1999 and of its loss 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
29 March 2000

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

	Notes	1999 £	1998 £
Turnover	2	134,250	169,733
Cost of sales		(94,619)	(120,218)
		<hr/>	<hr/>
Gross profit		39,631	49,515
Administrative expenses		(332,976)	(10,743)
Rental income		279,996	23,333
		<hr/>	<hr/>
(Loss) /profit on ordinary activities before taxation	4	(13,349)	62,105
Taxation	5	(17,572)	(18,464)
		<hr/>	<hr/>
(Loss)/retained profit for the year	9	(30,921)	43,641
		<hr/>	<hr/>

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

There is no difference between the loss and profit on ordinary activities before taxation and the loss and retained profit for the year stated above, and their historical cost equivalents.

The above results relate wholly to continuing operations.

Balance sheet at 31 December 1999

	Notes	1999 £	1998 £
Tangible fixed assets	6	3,589,892	3,649,892
Net current liabilities			
Creditors: amounts falling due within one year	7	(3,493,717)	(3,522,796)
Net assets		<u>96,175</u>	<u>127,096</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	96,173	127,094
Equity shareholders' funds	10	<u>96,175</u>	<u>127,096</u>

The financial statements on pages 4 to 9 were approved by the board of directors on 29 March 2000 and were signed on its behalf by:



J. Shipley
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.

Depreciation

Depreciation on freehold buildings is provided on a straight line basis at 1% per annum, which is calculated to write off those assets over their estimated useful lives.

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.

Cash flow statement

The company is a wholly owned subsidiary of Secure Trust Bank PLC, which is itself 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 (Revised) from publishing a cash flow statement.

Related party transactions

The company is a wholly owned subsidiary of Secure Trust Bank PLC, which itself 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.

Operating lease income

Operating lease income is accounted for on a straight line basis with any increases recognised during the period to which they relate.

2. Turnover

Turnover represents the value of goods and services sold to third parties in the United Kingdom.

3. Directors' emoluments and employee information

The emoluments of Mr R. Paston and Mr J. Shipley 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.

4 Profit on ordinary activities before taxation

	1999 £	1998 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration	500	1,500
Depreciation of tangible fixed assets	60,000	3,000
Rent receivable under an operating lease	(279,996)	(23,333)
	<u> </u>	<u> </u>

5 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 30.25% (1998 31%)		
Current	18,150	20,183
Over provision in respect of prior years:		
Current	(578)	(1,719)
	<u> </u>	<u> </u>
	17,572	18,464
	<u> </u>	<u> </u>

The corporation tax charge arises principally as a result of the disallowance, for taxation purposes, of the charge for depreciation on freehold buildings.

6 Tangible fixed assets

	Freehold land & buildings
Cost	
At 1 January 1999 and 31 December 1999	3,652,892
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Depreciation	
At 1 January 1999	3,000
Charge for the year	60,000
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At 31 December 1999	63,000
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Net book values	
At 31 December 1999	3,589,892
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At 31 December 1998	3,649,892
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The value of freehold land not subject to depreciation is £500,000.

All freehold land and buildings are held for use by the company's parent company under an operating lease.

7 Creditors: amounts falling due within one year

	1999 £	1998 £
Amounts owed to group undertakings	3,411,308	3,471,103
Corporation tax	78,590	48,643
Accruals and deferred income	3,819	3,050
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	3,493,717	3,522,796
	<hr/>	<hr/>

8 Called up share capital

	1999 £	1998 £
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
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9 Profit and loss account

	£
At 1 January 1999	127,094
Loss for the year	(30,921)
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At 31 December 1999	96,173
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10 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Opening equity shareholders' funds	127,096	83,455
(Loss)/ profit for the year after taxation	(30,921)	43,641
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Closing equity shareholders' funds	96,175	127,096
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11 Ultimate parent company

The directors regard Secure Trust Banking Group PLC, a company registered in England and Wales, as the ultimate parent company and the 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.