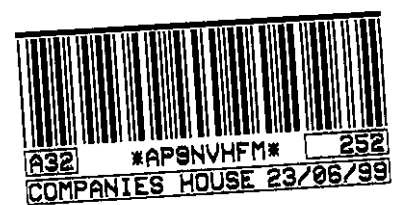


Registered No: 1404439

**Secure Homes Services Limited**

**Annual Report**

**for the year ended 31 December 1998**



**Directors' report  
for the year ended 31 December 1998**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

**Principal activity**

The principal activity of the company during the year was general retailing, and providing a money collection service. During the year the company acquired freehold premises at a cost of £3,652,892, which it sublets 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 and the profit for the year of £43,641 has been transferred to reserves.

**Directors and their interests**

The directors who served throughout the year were as follows:

R Paston  
J Shipley

Mr A J V Giles was appointed to the Board on 1 March 1999.

Mr J. Shipley is a director of the immediate parent company, Secure Trust Bank PLC, and his interests in the share capital of group companies 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 Directors are aware of the detailed issues surrounding the Year 2000 problem. All business critical systems have been identified and are being addressed. The cost of the work is not considered to be significant and is being charged to the profit and loss account as incurred.

## **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.

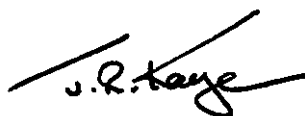
The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The directors also confirm that applicable accounting standards have been followed and that the 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**

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as 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 long horizontal stroke extending to the right.

J R Kaye  
Secretary  
30 March 1999

**Auditor's 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.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established 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 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.

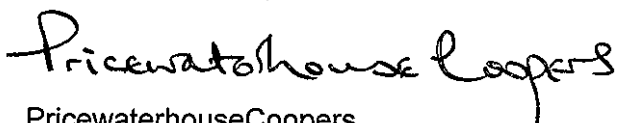
**Basis of audit opinion**

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Birmingham  
30 March 1999

**Profit and loss account  
for the year ended 31 December 1998**

	Notes	1998 £	1997 £
<b>Turnover</b>	2	<b>169,733</b>	222,805
Cost of sales		(120,218)	(155,540)
		<hr/>	<hr/>
Gross profit		<b>49,515</b>	67,265
Administrative expenses		(10,743)	(14,521)
Rental income		23,333	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	4	<b>62,105</b>	52,744
Taxation	5	(18,464)	(14,971)
		<hr/>	<hr/>
<b>Profit after taxation</b>		<b>43,641</b>	37,773
Dividend		-	-
		<hr/>	<hr/>
Retained profit for the year	10	<b>43,641</b>	37,773
		<hr/>	<hr/>

The company has no recognised gains and losses other than those included in the profit 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.

The above results relate wholly to continuing operations.

# Balance sheet at 31 December 1998

	Notes	1998 £	1997 £
<b>Tangible fixed assets</b>	6	3,649,892	-
<b>Current assets</b>			
Debtors	7	-	125,405
<b>Creditors: amounts falling due within one year</b>	8	(3,522,796)	(41,950)
<b>Net current (liabilities)/ assets</b>		(3,522,796)	83,455
<b>Net assets</b>		127,096	83,455
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	127,094	83,453
<b>Equity shareholders' funds</b>	11	127,096	83,455

The financial statements on pages 4 to 9 were approved by the board of directors on 30 March 1999 and were signed on its behalf by:



J. Shipley  
Director

**Notes to the financial statements  
for the year ended 31 December 1998****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**

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration	1,500	1,200
Depreciation of tangible fixed assets	3,000	-
Rent receivable under an operating lease	(23,333)	-
	<u>          </u>	<u>          </u>

**5 Tax on profit on ordinary activities**

	1998 £	1997 £
United Kingdom corporation tax at 31% (1997 31.5%)		
Current	20,183	16,611
Over provision in respect of prior years:		
Current	(1719)	(1,640)
	<u>          </u>	<u>          </u>
	<u>18,464</u>	<u>14,971</u>



**6 Tangible fixed assets**

	Freehold land & buildings
Cost	
At 1 January 1998	-
Additions	3,652,892
	<hr/>
At 31 December 1998	3,652,892
	<hr/>
Depreciation	
At 1 January 1998	-
Charge for the year	3,000
	<hr/>
At 31 December 1998	3,000
	<hr/>
Net book values	
At 31 December 1998	3,649,892
	<hr/>
At 31 December 1997	-
	<hr/>

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 Debtors**

	1998 £	1997 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	-	125,405
	<hr/>	<hr/>

**8 Creditors: amounts falling due within one year**

	1998 £	1997 £
Amounts owed to group undertakings	3,471,103	-
Corporation tax	48,643	34,016
Accruals and deferred income	3,050	7,934
Dividends payable	-	-
	<hr/>	<hr/>
	3,522,796	41,950
	<hr/>	<hr/>

## 9 Called up share capital

	1998 £	1997 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

## 10 Profit and loss account

	£
At 1 January 1998	83,453
Profit for the year	43,641
	<u>          </u>
<b>At 31 December 1998</b>	<b>127,094</b>
	<u>          </u>

## 11 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Opening equity shareholders' funds	83,455	45,682
Profit for the year after taxation	43,641	37,773
	<u>          </u>	<u>          </u>
<b>Closing equity shareholders' funds</b>	<b>127,096</b>	<b>83,455</b>
	<u>          </u>	<u>          </u>

## 12 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.