STB Leasing Limited
Annual report and financial statements for the year ended 31 December 2011

Registered Number 01648384

Contents

Directors' report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review
The principal activity of the Company during 2011 was the funding and operation of finance leases through retail partnerships This activity commenced in December 2009 and has grown steadily in the period since as a result of a new relationship that commenced in 2010

The statement of comprehensive income for 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 activities in the ensuing year

Results for the year
The directors do not recommend the payment of a dividend (2010 £nil) The profit for the year of £480,000 (2010 £168,454) has been transferred to reserves

Directors

N M Fielden	(resigned 3 June 2011)
N Kapur	(appointed 19 January 2012)
P A Lynam	(appointed 2 June 2011)
D R Nield	(resigned 19 January 2012)

Directors' interests
Of the directors holding office at 31 December 2011, Mr Lynam was a director of the ultimate Parent Company Arbuthnot Banking Group PLC and his interests in the share capital of that company is shown in the Directors' report of that company

Mr Lynam and Mr Kapur are both directors of the immediate Parent Company, Secure Trust Bank PLC Their interests in the share capital of that company are shown in the Directors' report of that company

No director had a beneficial interest in shares of the Company during the year

Risk management
The Company regards the monitoring and controlling of risks as a fundamental part of the management process Consequently, senior management are involved in the development of risk management policies and in monitoring their application The Company's overall approach to managing internal control and financial reporting is described in note 4

Going concern
After making appropriate enquiries which assessed strategy, profitability, funding and capital resources, the directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future The financial statements are therefore prepared on the going concern basis

Statement of directors' responsibilities in respect of the Directors' report and the financial statements
The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors' report

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Statement of disclosure of information to auditor
So far as each of the directors are aware, there is no relevant audit information of which the Company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor
In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board

J.R. Kaye

J R Kaye

Secretary
14 March 2012

Independent auditor's report

to the members of STB Leasing Limited

We have audited the financial statements of STB Leasing Limited for the year ended 31 December 2011 set out on pages 4 to 16 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Simon Clark (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
14 March 2012

Statement of comprehensive income

	Note	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Interest and similar income		641	228
Operating income		**641**	**228**
Impairment losses on loans and advances	9	15	(2)
Operating expenses	5	(8)	-
Profit before income tax		**648**	**226**
Income tax expense	7	(168)	(58)
Profit for the year		**480**	**168**
Profit attributable to:			
Equity holders of the Company		**480**	**168**
Total comprehensive income attributable to:			
Equity holders of the Company		**480**	**168**

The Company has no recognised gains and losses other than those included in the results above

The notes on pages 8 to 16 are an integral part of these financial statements

Statement of financial position

	Note	At 31 December 2011 £000	2010 £000
ASSETS			
Loans and advances to customers	8	16,972	5,209
Other assets	10	671	3,726
Total assets		**17,643**	**8,935**
EQUITY AND LIABILITIES			
Liabilities			
Current tax liability		6	58
Other liabilities	11	16 974	8,694
Total liabilities		**16,980**	**8,752**
Equity attributable to the Company's equity holders			
Share capital	12	-	-
Retained earnings		663	183
Total equity		**663**	**183**
Total equity and liabilities		**17,643**	**8,935**

The financial statements on pages 4 to 16 were approved by the Board of Directors on 14 March 2012 and were signed on its behalf by

P Lynam - Director

Company number 01648384

The notes on pages 8 to 16 are an integral part of these financial statements

Statement of changes in equity

	Share capital	Retained earnings	Total
	£000	£000	£000
Balance at 1 January 2010	-	15	15
Total comprehensive income for the period	-	**168**	**168**
Balance at 31 December 2010	-	**183**	**183**
Total comprehensive income for the period	-	**480**	**480**
Balance at 31 December 2011	-	**663**	**663**

The notes on pages 8 to 16 are an integral part of these financial statements

Statement of cash flows

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Cash flows from operating activities		
Profit for the year	480	168
Income tax expense	168	58
Cash flows from operating profits before changes in operating assets and liabilities	648	226
Changes in operating assets and liabilities		
- net increase in loans and advances to customers	(11,763)	(4,791)
- net decrease/(increase) in other assets	3,055	(3,660)
- net increase in other liabilities	8 060	8,225
Net cash flow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

The notes on pages 8 to 16 are an integral part of these financial statements

Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

1 1 Reporting entity
STB Leasing Limited is a company domiciled in the United Kingdom The registered address of STB Leasing Limited is One Arleston Way, Solihull, B90 4LH The Company is primarily involved in banking and financial services

1 2 Basis of presentation
The Company's financial statements have been prepared in accordance with IFRSs (as adopted and endorsed by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS They have been prepared under the historical cost convention

The preparation of financial statements in conformity with IFRSs 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

The Directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern The Directors confirm they are satisfied that the Company have adequate resources to continue in business for the foreseeable future For this reason, they continue to adopt the 'going concern' basis for preparing accounts

a) Standards, interpretations and amendments effective in 2011 – relevant to the Company

- IAS 24 (Revised), 'Related party disclosures' (effective from 1 January 2011) The revised standard includes an exemption from the disclosure requirements for related party transactions between "state controlled" entities and includes a revised definition for related parties

- IAS 27 (Revised), 'Consolidated and separate financial statements' The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control Any remaining interest in an investee is re-measured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost

- Improvements to IFRSs Sets out minor amendments to IFRS standards as part of annual improvements process

The above changes did not have any material impact on the financial statements

b) Standards, amendments and interpretations to existing standards (applicable to the Company) that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2012 or later periods, but the Company has not early adopted them

- IFRS 7 (Revised), 'Disclosures - Transfers of Financial Assets' (endorsed for use in the EU on 22 November 2011) The revised standard requires additional disclosures for transfers of financial assets and where there are a disproportionate amount of transactions undertaken around the period end

- IFRS 7 (Revised), 'Disclosures - Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2013) The revised standard amend the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity s recognised financial assets and recognised financial liabilities, on the entity's financial position [1]

- IFRS 10, 'Consolidated Financial Statements' and IAS 27 (Revised), 'Separate Financial Statements' (effective 1 January 2013) IFRS 10 supersedes IAS 27 and SIC-12, and provides a single model to be applied in the control analysis for all investees There are some minor clarifications in IAS27, and the requirements of IAS 28 and IAS 31 have been incorporated into IAS 27 [1]

Principal accounting policies

- IFRS 13, 'Fair Value Measurement' (effective 1 January 2013) This standard replaces the existing guidance on fair value measurement in different IFRSs with a single definition of fair value, a framework for measuring fair values and disclosures about fair value measurements [1]

- IAS 32 (Revised), 'Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2014) This standard was amended to clarify the offsetting criteria, specifically when an entity currently has a legal right of set off, and when gross settlement is equivalent to net settlement [1]

- IFRS 9 'Financial instruments' (effective from 1 January 2015) This standard deals with the classification and measurement of financial assets and will replace IAS 39 The requirements of this standard represent a significant change from the existing requirements in IAS 39 The standard contains two primary measurement categories for financial assets amortised cost and fair value The standard eliminates the existing IAS 39 categories of 'held to maturity', 'available for sale' and ' loans and receivables' The potential effect of this standard is currently being evaluated but it is not expected to have a pervasive impact on the Group's financial statements, due to the nature of the Group's operations [1]

The above standards are unlikely to have a material impact on the Company

[1] *These standards have not yet been endorsed by the EU*

1 3 Interest income

Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss

1 4 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable Loans are recognised on origination Loans and receivables are carried at amortised cost using the effective interest method

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment

1 5 Impairment of financial assets

(a) Assets carried at amortised cost

On an ongoing basis the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired Objective evidence is the occurrence of a loss event after the initial recognition of the asset that impacts on the estimated future cash flows of the financial asset or group of financial assets, and can be reliably estimated

Principal accounting policies

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include, but are not limited to, the following
• Delinquency in contractual payments of principal or interest,
• Cash flow difficulties experienced by the borrower, and
• Initiation of bankruptcy proceedings

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract

When a loan is uncollectible, it is written off against the related provision for loan impairment Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statement of comprehensive income

(b) Renegotiated loans
Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans

1 6 Leases
As a lessor
Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are classified as finance leases When assets are held subject to finance leases, the present value of the lease payments is recognised as a receivable The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return

Assets leased to customers under agreements which do not transfer substantially all the risks and rewards of ownership are classified as operating leases When assets are held subject to operating leases, the underlying assets are held at cost less accumulated depreciation The assets are depreciated down to their estimated residual values on a straight line basis over the lease term Lease rental income is recognised on a straight line basis over the lease term

1 7 Income taxation
Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised

1 8 Dividends
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders

Notes to the financial statements

2. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Impairment losses on loans and advances
The Company reviews its loan portfolios to assess impairment at least on a half-yearly basis In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a company, or national or local economic conditions that correlate with defaults on assets in the company Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience

3. Maturity analysis of assets and liabilities

The table below shows the maturity analysis of the company assets and liabilities as at 31 December 2011

At 31 December 2011	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Loans and advances to customers	8,365	8,607	16,972
Other assets	671	-	671
Total assets	**9,036**	**8,607**	**17,643**
LIABILITIES			
Current tax liability	6	-	6
Other liabilities	14,045	2,929	16,974
Total liabilities	**14,051**	**2,929**	**16,980**

The table below shows the maturity analysis of the company assets and liabilities as at 31 December 2010

At 31 December 2010	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Loans and advances to customers	1 514	3 695	5 209
Other assets	2,724	1,002	3,726
Total assets	**4,238**	**4,697**	**8,935**
LIABILITIES			
Current tax liability	58	-	58
Other liabilities	8 694	-	8 694
Total liabilities	**8,752**	-	**8,752**

Notes to the financial statements

4. Financial risk management

Strategy

The directors and senior management of the Company have formally adopted a Risk and Controls Policy which sets out the Board's attitude to risk and internal controls Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties The Board also receives regular reports on any risk matters that need to be brought to its attention Significant risks identified in connection with the development of new activities are subject to consideration by the Board There are budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year, and other performance data

The principal non-operational risks inherent in the Company's business are credit and liquidity risk

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due Impairment provisions are provided for losses that have been incurred at the statement of financial position date Significant changes in the economy could result in losses that are different from those provided for at the statement of financial position date Management therefore carefully manages its exposures to credit risk as they consider this to be the most significant risk to the business

The Company structures the levels of credit risk by placing limits on the amount of risk accepted in relation to individual borrowers or groups of borrowers Such risks are monitored on a revolving basis and subject to an annual or more frequent review The limits on the level of credit risk are approved periodically by the Board of Directors and actual exposures against limits monitored daily

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate The assets undergo a rigorous scoring process to mitigate risk and are monitored by the Board

The Company's maximum exposure to credit risk is as follows

	2011	2010
	£000	£000
Credit risk exposures relating to on-balance sheet assets are as follows		
Loan and advances to customers	16,972	5,209
Amounts due from related companies	4	768
At 31 December	**16,976**	**5,977**

The above table represents the maximum credit risk exposure (net of impairment) to the Company at 31 December 2011 and 2010 without taking account of any collateral held or other credit enhancements attached For on-balance-sheet assets, the exposures are based on the net carrying amounts as reported in the statement of financial position

(b) Operational risk

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiatives and creativity

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the senior management within each subsidiary

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit The results of the Internal Audit reviews are discussed with the company's senior management, with summaries submitted to the Arbuthnot Banking Group Audit Committee

(c) Market risk
Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements

Currency risk
The Company has no exposures in foreign currencies

Interest rate risk
Interest rate risk is the potential adverse impact on the Company's future cash flows from changes in interest rates and arises from the differing interest rate risk characteristics of the Group's assets and liabilities In particular, fixed rate products expose the Company to the risk that a change in interest rates could cause either a reduction in interest income or an increase in interest expense relative to variable rate interest flows

(d) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, or can only do so at excessive cost The Company's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations and to enable the Company to meet its financial obligations as they fall due

5. Operating expenses

The Company had £8,000 of operating expenses in 2011, relating to legal and professional expenses It had no operating expenses in 2010

The audit fees for the current and prior year are borne by Secure Trust Bank PLC

6. Employee information

The Company had no employees during 2011 (2010 none) Directors' remuneration is borne by Secure Trust Bank PLC

Notes to the financial statements

7. Income tax expense

	2011 £000	2010 £000
Unıted Kıngdom corporatıon tax at 26 5% (2010 28%)		
Current taxatıon		
Corporatıon tax charge - current year	169	63
Corporatıon tax charge - adjustments ın respect of prıor years	(1)	(5)
	168	**58**
Deferred taxatıon		
Income tax expense	**168**	**58**
Tax reconcılıatıon		
Profit before tax	648	226
Tax at 26 5% (2010 28%)	172	63
Permanent dıfferences	(3)	-
Prıor perıod adjustments	(1)	(5)
Corporatıon tax charge for the perıod	**168**	**58**

Durıng the year the Government substantıvely enacted a reductıon ın UK corporatıon tax rate to 26% wıth effect from 1 Aprıl 2011 and to 25% wıth effect from 1 Aprıl 2012 Thıs wıll reduce the Company's future current tax charge accordıngly Furthermore, on 23 March 2011 the Government announced ıts ıntentıon to further reduce the UK corporatıon tax rate to 23% by Aprıl 2014

8. Loans and advances to customers

	2011 £000	2010 £000
Gross loans and advances	16,972	5,226
Less allowances for ımpaırment on loans and advances (Note 9)	-	(17)
	16,972	**5,209**

For a maturıty profile of loans and advances to customers, refer to Note 3

Loans and advances to customers ınclude finance lease receıvables as follows	2011 £000	2010 £000
Gross ınvestment ın finance lease receıvables		
- No later than 1 year	12 804	3,294
- Later than 1 year and no later than 5 years	10,663	5,324
	23,467	8,618
Unearned future finance ıncome on finance leases	(6 495)	(3,392)
Net ınvestment ın finance leases	**16,972**	**5,226**
The net ınvestment ın finance leases may be analysed as follows		
- No later than 1 year	8,365	1,405
- Later than 1 year and no later than 5 years	8,607	3 821
	16,972	**5,226**

Notes to the financial statements

Loans and advances to customers can be further summarised as follows

	2011 £000	2010 £000
Neither past due nor impaired	16,605	5,079
Past due up to 90 days	364	125
Past due after 90 days	3	22
Gross	16,972	5,226
Less allowance for impairment	-	(17)
Net	**16,972**	**5,209**

None of these loan balances have had any renegotiated payment terms The portfolio does not have a significant concentration to any individuals Gross amounts of loans and advances to customers that were past due up to 90 days were as follows

	2011 £000	2010 £000
Past due up to 30 days	258	101
Past due 30 - 60 days	65	16
Past due 60 - 90 days	41	8
Total	**364**	**125**

9. Allowances for impairment of loans and advances

A reconciliation of the allowance account for losses on loans and advances by class is as follows

	2011 £000	2010 £000
At 1 January	17	17
Impairment losses	-	2
Reversal of impairment losses	(15)	-
Amounts written off	(2)	(2)
At 31 December	-	**17**

10. Other Assets

	2011 £000	2010 £000
Trade receivables	74	677
Amounts due from related companies	4	768
Prepayments and accrued income	593	2,281
	671	**3,726**

11. Other liabilities

	2011 £000	2010 £000
Trade payables	2 929	57
Amounts due to related companies	14,045	8 637
	16,974	**8,694**

Within Company trade payables at 31 December 2011 there is £2,929,000 collateral held from Rentsmart The Company purchases lease receivables from Rentsmart and pay them a commission, which is recognised within operating income In return Rentsmart will continue to operate the agreement, retain the credit risk and provide the Group with a collateral amount that is at least equal to the capital required for the purchased lease receivables

Notes to the financial statements

12. Share capital

	Number of shares	Ordinary shares £'000
At 1 January and at 31 December 2011	2	-

There was no movement in the issued share capital in the current or prior year The total authorised number of ordinary shares at 31 December 2011 and 31 December 2010 was 2 with a par value of £1 per share (2010 £1 per share) All issued shares are fully paid

13. Related-party transactions

Amounts due to related companies
Amounts due to related companies have no fixed date for repayment and are therefore technically repayable on demand They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value

Amounts due from related companies
Amounts due from related companies have no fixed date for repayment and are therefore technically repayable on demand They are accounted for as financial assets, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value

14. Immediate and ultimate parent company

The directors regard Arbuthnot Banking Group PLC, a company registered in England and Wales, as the ultimate parent company Henry Angest, the Group Chairman and Chief Executive has a beneficial interest in 53 6% of the issued share capital of Arbuthnot Banking Group PLC and is regarded by the directors as the ultimate controlling entity 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

The immediate parent Company is Secure Trust Bank PLC A copy of the financial statements of Secure Trust Bank PLC, may be obtained from Secure Trust Bank PLC, One Arleston Way, Solihull, B90 4LH

15. Events after the balance sheet date

There were no post balance sheet events

Corporate contacts & advisers

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