

STB Leasing Limited (formerly Secure Travel Limited)

Annual report and financial statements

for the year ended 31 December 2009

Registered number 1648384



STB Leasing Limited

Annual report and financial statements for the year ended 31 December 2009

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STB Leasing Limited

Directors and advisers

Directors

G A Jennison (resigned 10/5/10)
D R Nield (appointed 20/5/10)
N M Fielden

Secretary and registered office

J R Kaye FCIS
One Arleston Way
Solihull
B90 4LH

STB Leasing Limited is incorporated in the United Kingdom

Registered auditors

KPMG Audit Plc
Chartered Accountants
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

Bankers

Barclays Bank Plc
38 Hagley Road
Edgbaston
Birmingham
B16 8NY

STB Leasing Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

Principal activities and business review

The principal activity of the Company during 2009 was the funding and operation of finance leases through retail partnerships. This activity commenced in December 2009.

The statement of comprehensive income for the year is set out on page 5. 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.

The directors do not recommend the payment of a dividend (2008: £nil).

Directors

The directors who served during the year were as follows:

Mr G A Jennison (resigned 10/5/10)

Mr N M Fielden

Mr D R Nield was appointed on 20th May 2010.

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 3.

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.

STB Leasing Limited

Directors' report for the year ended 31 December 2009 (continued)

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 International Financial Reporting Standards (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.

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 auditors

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

Auditors

Following the resignation of PricewaterhouseCoopers LLP as auditors on 11 August 2009, the directors appointed KPMG Audit Plc in their place. A resolution to appoint KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting at a fee to be agreed in due course by the directors.

On behalf of the board



N M Fielden

Director

20 May 2010

STB Leasing Limited

Independent auditors' report to the members of STB Leasing Limited

We have audited the financial statements of STB Leasing Limited for the year ended 31 December 2009 set out on pages 5 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its loss 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.



10 June 2010

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

Chartered Accountants

One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

STB Leasing Limited

Statement of comprehensive income for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Interest receivable and similar income		3	0
Operating income		3	0
Impairment losses on loans and advances	7	(17)	0
Operating expenses	4	0	0
Loss on ordinary activities before tax		(14)	0
Taxation expense	8	0	0
Loss on ordinary activities after tax		(14)	0
Loss attributable to:			
Equity holders of the Company		(14)	0
Total comprehensive income attributed to:			
Equity holders of the Company		(14)	0

The Company has no recognised gains and losses other than those included in the results above, therefore no separate statement of recognised income & expenses has been presented

The notes on pages 9 to 16 are an integral part of these financial statements

STB Leasing Limited

Statement of financial position as at 31 December 2009

	Note	2009 £000	2008 £000
Assets			
Current assets			
Loans and advances to customers	6	418	0
Other assets	10	66	29
Total assets		484	29
Liabilities			
Current liabilities			
Other liabilities	11	469	0
Total liabilities		469	0
Equity			
Share capital	12	0	0
Retained earnings		15	29
Capital and reserves attributable to the Company's equity holders		15	29
Total equity and liabilities		484	29

The financial statements on pages 5 to 16 were approved by the board of directors on 20 May 2010 and were signed on its behalf by



N M Fielden
Director

Company registration 1648384

STB Leasing Limited

Statement of changes in shareholders equity for the year ended 31 December 2009

	Share capital £000	Retained earnings £000	Total £000
Balance at 1 January 2008	0	29	29
Profit on ordinary activities after tax for 2008	0	0	0
At 31 December 2008	0	29	29
Balance at 1 January 2009	0	29	29
Loss on ordinary activities after tax for 2009	0	(14)	(14)
At 31 December 2009	0	15	15

STB Leasing Limited

Statement of cash flows for the year ended 31 December 2009

	2009 £	2008 £
Cash flows from operating activities		
Loss before tax	(14)	0
Net increase in provision	17	0
Net increase in loans and advances to customers	(435)	0
Net increase in other assets	(37)	0
Net increase in other payables	469	0
Net cash flows from operating activities	0	0
Net cash flows from investing activities	0	0
Net cash flows from financing activities	0	0
Net (decrease) / increase in cash and cash equivalents	0	0
Cash and cash equivalents at beginning of year	0	0
Cash and cash equivalents at end of year	0	0

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Notes to the financial statements for the year ended 31 December 2009

1 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.

Basis of presentation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as adopted and endorsed by the EU), IFRIC Interpretations and the CA 2006 applicable to companies reporting under IFRS. They have been prepared under the historical cost convention.

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.

Interpretations and amendments effective in 2009

IAS 1 (Revised), 'Presentation of financial statements' Revises the overall requirements for the presentation of financial statements, guidance for their structure and minimum content requirements. The revised standard requires the presentation of all non-owner changes in equity within a statement of comprehensive income.

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by 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. The revised standard will not have a material impact on the Company's financial accounts. *

IFRS 9, 'Financial instruments' (effective from 1 January 2013) 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 expected to have a pervasive impact on the Group's financial statements, due to the nature of the Group's operations. *

** - The revised IAS 24 and IFRS 9 have not yet been endorsed by the EU.*

Interest income

Interest income recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The Company only recognises interest income on loans that make a payment in the accounting period.

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when

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Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies (cont)

appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. 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.

Impairment of financial assets

On an ongoing basis the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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,
- Cash flow difficulties experienced by the customer,
- Initiation of bankruptcy proceedings

When a trade receivable is uncollectible, it is written off against the related amount. Such receivables 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.

Related party transactions

A parent undertaking acts as a treasury function, providing funding for the Company through an inter-company current account. This is reflected in notes 10 and 11 as amounts due to/due from related companies. Related party transactions are detailed in their respective notes.

Leases

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.

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.

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Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies (cont)

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 consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Share capital

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

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.

Effective interest rate method

Income on purchased books is calculated 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 exactly 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 or financial liability. 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.

Impairment losses on trade receivables

The Company reviews its trade receivables' listing to assess recoverability at least on a half-yearly basis. In determining whether an impairment loss should be recorded in the income statement, 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 group of the trade receivable balances before the decrease can be identified with an individual balance within that listing. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers 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 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.

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Notes to the financial statements for the year ended 31 December 2009 (continued)

3 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.

(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 established for losses that have been incurred at the balance sheet 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. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. The assets undergo a rigorous scoring process to mitigate risk and are monitored by the Board.

(b) 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. The Company is not exposed to such market risks.

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 Company's assets and liabilities. In particular, fixed rate borrowing 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.

STB Leasing Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

3 Financial risk management (continued)

(c) 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.

Liquidity Risk at 31 December 2009

	Not more than 3 months £000	More than 3 months but less than 1 year £000	More than 1 year but less than 5 years £000	Total £000
At 31 December 2009				
Loans and advances to customers	10	244	164	418
Other assets (note 10)	66	0	0	66
Total assets	76	244	164	484
Other liabilities (note 11)	469	0	0	469
Total liabilities	469	0	0	469
Net liquidity gap	(393)	244	164	15

4 Operating expenses

The Company had no operating expenses in the period. The audit fee is borne by Secure Trust Bank Plc.

5 Employee information

The Company had no employees during 2009 (2008: none).

The emoluments of Mr Jennison and Mr Fielden are paid by Secure Trust Bank Plc, which makes no recharges to the Company for their services.

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Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Loans and advances to customers

		2009 £000	2008 £000
	Note		
Gross loans and advances		435	0
Less allowances for losses on loans and advances	7	(17)	0
		418	0

Loans and advances to customers include finance lease receivables as follows

	2009 £000	2008 £000
Gross investment in finance lease receivables		
No later than 1 year	317	0
Later than 1 year and no later than 5 years	179	0
Later than 5 years	0	0
	496	0
Unearned future finance income on finance leases	(61)	0
Net investment on finance leases	435	0

The net investment in finance leases may be analysed as follows

No later than 1 year	267	0
Later than 1 year and no later than 5 years	168	0
Later than 5 years	0	0
	435	0

Loans and advances to customers can be further summarised as follows

	2009 £000	2008 £000
Neither past due nor impaired	410	0
Past due but not impaired	15	0
Impaired	10	0
Gross	435	0
Less allowance for impairment	(17)	0
Net	418	0

None of these loan balances have had any renegotiated payment terms. The portfolio does not have a significant concentration to any individuals as the average exposure to an individual customer at acquisition was £320.

	2009 £000	2008 £000
Past due up to 30 days	10	0
Past due 30 - 60 days	4	0
Past due 60 - 90 days	1	0
Total	15	0

STB Leasing Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

7 Impairment losses on loans & advances

	2009 £000	2008 £000
At 1 January	0	0
Provision movement charged to profits	17	0
At 31 December	17	0

8 Taxation

	2009 £000	2008 £000
United Kingdom corporation tax at 28% (2008 28.5%)		
Current	0	0
Taxation expense	0	0

Tax reconciliation

The tax assessed for the year is not at the standard rate of corporation tax in the UK of 28% (2008 28.5%)

Loss before tax	(14)	0
Tax at 28% (2008 28.5%)	(4)	0
Allowance for group relief transfer	4	0
Tax charge for the year	0	0

9 Related party transactions

Consumer leases were transferred in the year from Arbuthnot Latham at fair value. The Company has not written any additional agreements in 2009. Further disclosure around these leases is given in note 6.

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.

STB Leasing Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

10 Other assets

	2009 £000	2008 £000
Amounts due from related companies	66	29
	66	29

11 Other liabilities

	2009 £000	2008 £000
Amounts due to related companies	(469)	0
	(469)	0

12 Share Capital

	Number of shares	Ordinary shares £
Authorised		
At 1 January 2009 and 31 December 2009 at £1 per share	2	2
Allocated, called up and fully paid		
At 1 January 2009 and 31 December 2009 at £1 per share	2	2

13 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 CEO has a beneficial interest in 52.8% 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 Arlestone 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 Arlestone Way, Solihull, B90 4LH.