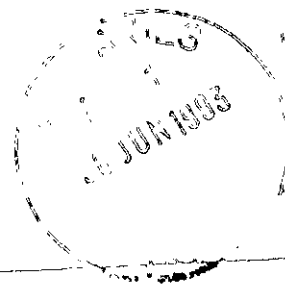




SECURE TRUST GROUP PLC

Annual Report

nineteen
ninety-two



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Corporate Profile

Secure Trust Group PLC is the holding company for a group of businesses engaged in the provision of a broad range of financial products and services aimed mainly at individual rather than corporate clients.

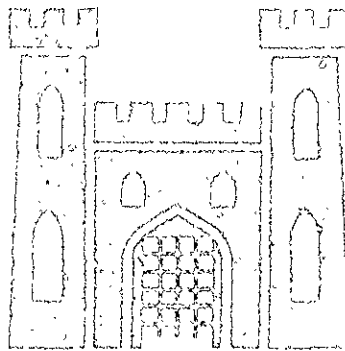
The core business, Secure Homes, carries a banking licence and provides a household cash management service.

Peoples Bank operates an extensive banking service which includes the provision of current and deposit accounts, loans and access to a nationwide network of cash dispenser machines.

Auto and General and OBC Insurance Consultants offer motor and general insurance policies direct to the public from well established High Street chains. A division of Secure Homes concentrates on life assurance, pensions and related financial services.

Arbuthnot Fund Managers specialises in investment management for private clients and institutions.

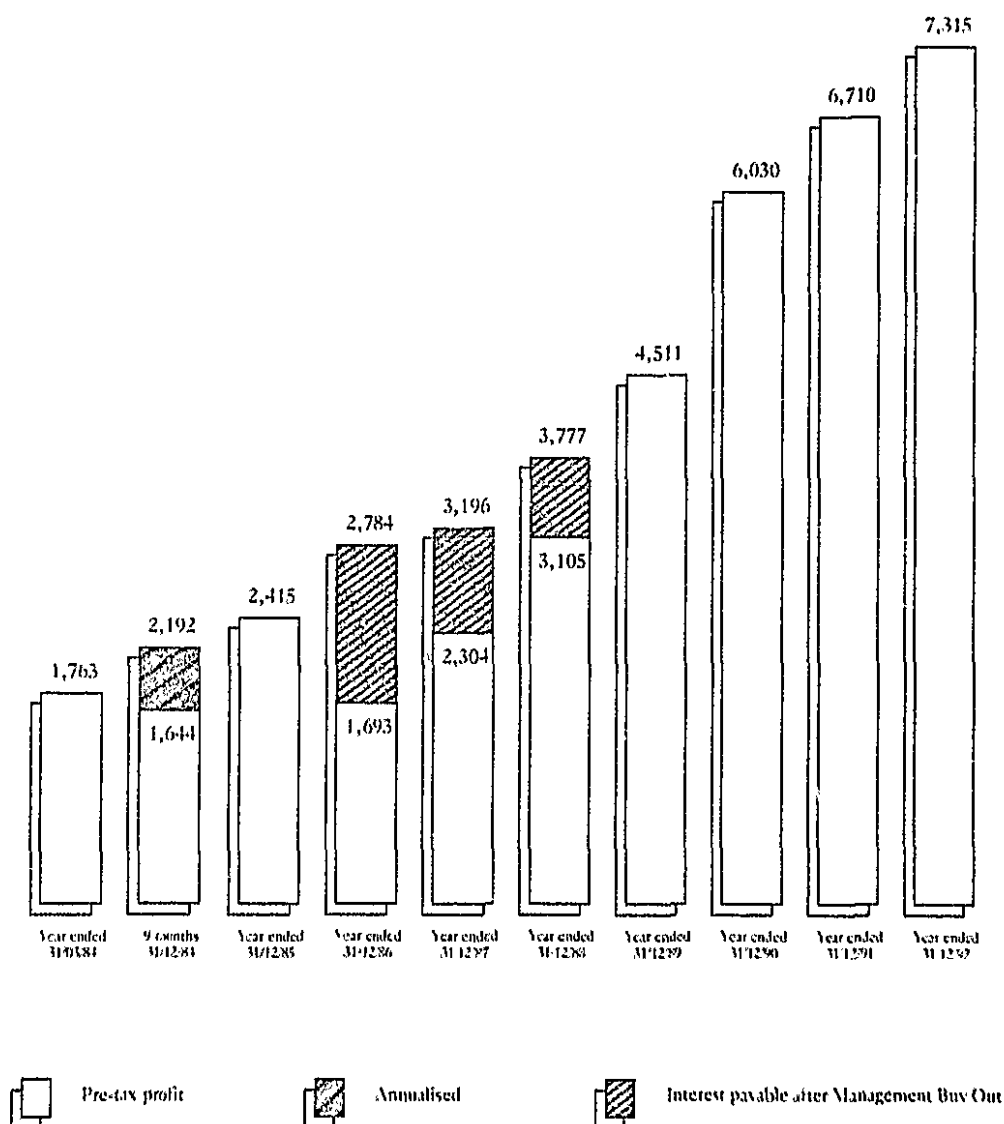
It is the strategic aim of the Group to grow both organically, through new product development and geographical expansion, and by the acquisition of businesses either with complementary products or which extend the Group's customer base.



Highlights

	1992	1991
	£000	£000
Pre-tax profits	7,315	6,710
Earnings per share	34.3p	31.5p
Dividend per share	13.5p	12.0p

10 Year Record of Pre-Tax Profit (£000)



Chairman's Statement



I am pleased to report another year of progress for Secure Trust Group. Profits before tax for the year ended 31 December 1992 increased by 9% to £7.3m on Gross Income up from £15.6m to £17.5m. Earnings per share have also increased 9%, from 31.4p to 34.3p.

The Board proposes to pay a final dividend of 9.5p per share which, together with the interim dividend of 4p, makes a total for the year of 13.5p against 12p last year, an increase of 12.5%. The dividend, which is covered 2.5 times, will be paid on 24 May 1993 to all shareholders on the register as at 23 April 1993.

The Group achieved an overall increase in Gross Income of 12% which, in view of the ongoing recession, I consider to be a creditable performance. Each of our divisions has made a positive contribution to this result.

Fee Income was up by 11%. The number of customers in the traditional "Household Cash Management" service remained broadly unchanged with the new business gains being balanced by those who found themselves unable to continue their accounts with us. This was due to the prolonged recession and, in particular, the rising number of people finding themselves out of work.

Commission Income again shows a strong increase of 24%. It includes the first full year's contribution from OBC Insurance Consultants acquired in April 1991. OBC has now been integrated into our insurance division to the extent that the anticipated cuts in its overhead costs are being achieved. The Group's other subsidiary operating in this market is Auto & General which continued to perform strongly in 1992.

In the course of 1992 base rates fell from 10.5% to 7% thus affecting the level of Interest Income the Group derives from its deposits. Such development was

Chairman's Statement

partly off-set by a higher loan book. The contribution from this aspect of our business was down 4% on the previous year when rates ranged between 15% and 10.5%. Tight controls and efficient management of accounts ensured that bad debt remained at an acceptable level.

As a post year end event, I take great pleasure in reporting the acquisition of Peoples Bank PLC for £4.8 million on 22 March 1993. After searching extensively for a considerable time, we have found an institution which meets our criteria for expansion, particularly in terms of geography, product and client base. Furthermore, we were able to finance the purchase entirely from our own resources. Operating in Yorkshire, Peoples Bank provides private banking services to about 5,000 individuals as well as finance to proprietors of small businesses. It has been in operation since 1894.

Peoples Bank also brings to the Group a whole range of additional banking services that we can offer to our substantial customer base. It provides an established operation in Yorkshire from which we can begin to market the Group's other products and services. Whilst the immediate effect of the acquisition is likely to be modest, I anticipate that it will become a substantial contributor to profits in the future.

Our success is largely due to the dedication and hard work of our staff and I would very much like to thank all of them for their contribution. Sadly, I have to report the death of Sir John Prideaux, who joined us in 1990 as a non-executive director of Arbutnot Fund Managers, but who has been associated with the Group since its inception. His wise counsel will be greatly missed.

As we enter our fifth year as a public company, the Group continues to grow in strength and reputation. The range of services has been extended and is offered to customers in new parts of the country. I am confident that Secure Trust Group will continue to make sound progress in 1993.

Henry Angest
5 April 1993

Operational Review

Introduction

Secure Trust Group offers a range of personal financial products and services to customers mainly in the Midlands and Greater Manchester area.

In 1992 Secure Trust celebrated the 40th anniversary of its main business which trades as Secure Homes Limited. The service, Household Cash Management, was founded on a concept introduced in 1952 by a Birmingham firm of estate agents. In order to assist people who were paid weekly to budget for rates and mortgage payments, they instituted a savings scheme whereby annual costs could be spread throughout the year. Two years later Secure Homes Limited was incorporated and the scope



Breston branch

of the service has gradually widened to include general household bills such as gas and electricity, as well as consumer credit, insurance and hire purchase commitments. The Group's customers are thus able to establish the smooth running of necessary household expenditure while delegating the administration of paying bills.

Since the Group's flotation four years ago, a combination of organic and acquisitive growth has resulted in the expansion of both the customer base and range of services offered. Today, whilst Secure Homes remains central to the business, the Group also offers facilities for motor, general and life insurance, loans, investment management and private banking.

A number of small household cash management businesses in the Birmingham area have been acquired and absorbed within the



Motor insurance accounts department

Secure Homes operation. OBC, a specialist insurance consultancy chain was added in 1991 complementing the existing Auto & General branches and enhancing the Group's presence in the High Street. The Group expanded within the financial sector in 1990 through the purchase of Arbuthnot Fund Managers. This move has recently been developed further by the purchase of Bradford based Peoples Bank.

The addition of Peoples Bank sees the Group operating in Yorkshire for the first time. As a result, Secure Homes customers will now be able to open bank accounts within the Group, with cheque books and cash cards for the withdrawal of money from any Barclays Bank cash dispenser machine. As Peoples Bank serves a customer base with a similar profile to that of Secure Homes and the insurance consultancy subsidiaries, all businesses should benefit as a result of the introduction of their services to a wider market.

The Review of Operations offers a summary of the services currently provided by Secure Trust. In 1993, the Group will continue to review, improve and expand both the product range and the quality of service extended to its customers.

Operational Review

Household Cash Management

Despite the prolonged recession, bringing with it a continuing rise in unemployment, the customer base was maintained as the number of new customers was balanced by those people who were unable to continue with the service. Once again, the Group's exposure to bad debt was minimised as a result of the tight credit control procedures which see each account reviewed on a weekly basis and investigations made as soon as any problems with payments are foreseen.

Secure Homes, operating under a Banking licence, also offers small personal loans to its

in motor insurance and enhances significantly the market share already obtained by Auto & General. The two chains of insurance consultants have achieved substantial market penetration in the West Midlands.

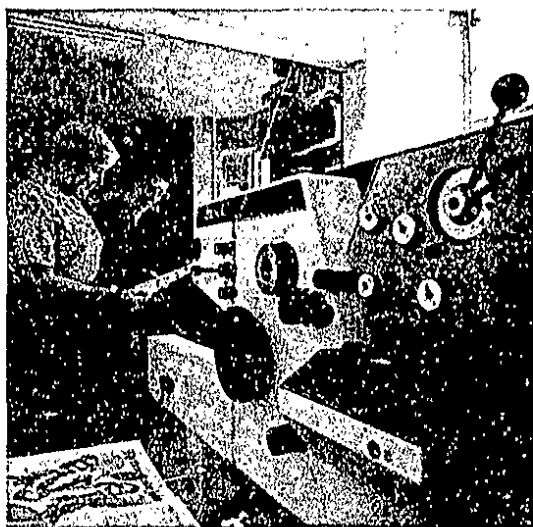
Furthermore, Secure Homes customers can insure their obligations against sickness and accident.

The Group has a small presence in the life assurance, pensions and related financial services field. These products are available through a tied agency.

Private Banking and Fund Management

Secure Trust Group made its largest acquisition to date in March 1993 when Peoples Bank was acquired. The Bank is an authorised institution under the Banking Act 1987 providing a range of personal banking services to over 5,000 customers located primarily in Yorkshire. Its services comprise current and deposit accounts, and the provision of loans and overdrafts on a secured and an unsecured basis to personal and business customers.

Arbuthnot Fund Managers was acquired in December 1990, broadening the Group's activities into investment management. Clients



In-house print facility, Kings Heath

customers on both a secured and an unsecured basis. The repayments are made over periods ranging from one to five years and are usually channelled through a Household Cash Management account.

Insurance Activities

The Group operates two High Street retail insurance chains which together comprise some 38 outlets. Auto & General Insurance Consultants is a long established part of the Group offering motor and general insurance. Many of its customers are also customers of Secure Homes and pay for their policies through their Household Cash Management accounts.

To extend its successful insurance operations Secure Trust acquired OBC Insurance Consultants in April 1991. OBC specialises



Computer input section, Kings Heath

include private individuals, charities and smaller pension funds all of whom benefit from a level of technical administration normally available only to larger investors. The quality of the service and attention to individual requirements Arbuthnot is able to offer is based on its sophisticated and highly computerised administrative systems, which allows management to devote more time to customers.

Directors and Advisers

Directors Henry Angest, *Chairman and Chief Executive*
Ronald Paston, *Executive Director*
Robert Felix Erith, *Non-executive*
Thomas Anthony O'Malley, *Non-executive*
Nicholas Charles Talbot Rice, *Non-executive*

Secretary Jeremy Robin Kaye, F.C.I.S.

Registered Office 23-27 Heathfield Road,
Kings Heath,
Birmingham B14 7BY
Telephone: 021-443 1188
Facsimile: 021-444 8551

Financial Advisers Charterhouse Bank Limited
1 Paternoster Row,
St Paul's,
London EC4M 7DH

Joint Stockbrokers Charterhouse Tilney
1 Paternoster Row,
St Paul's,
London EC4M 7DH

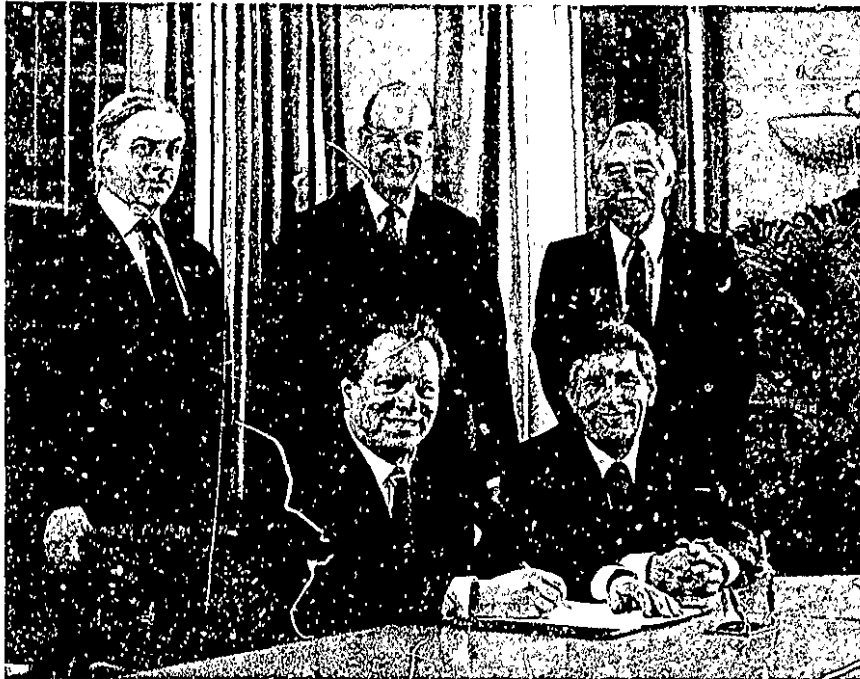
Albert E. Sharp & Co.
Edmund House,
12 Newhall Street,
Birmingham B3 3ER

Auditors Coopers & Lybrand
Chartered Accountants
and Registered Auditors
35 Newhall Street,
Birmingham B3 3DX

Principal Bankers Barclays Bank PLC
38 Hagley Road,
Edgbaston,
Birmingham B16 3NY

Registrars Independent Registrars Group Limited
Balfour House,
390-398 High Road,
Ilford,
Essex IG1 1NQ

Directors



*Standing left to right Nick Talbot Rice, Bob Erith and Tom O'Malley.
Seated Henry Angest and Ron Paston.
At the completion of the acquisition of Peoples Bank.*

Henry Angest

Aged 52, Chairman and Chief Executive of the Group since 1985 and Chairman of Secure Homes since 1982. He is also Chairman of Peoples Bank.

Ron Paston

Aged 63, Executive Director of Secure Trust and Managing Director of Secure Homes since 1973. He is also Chairman of Auto and General and OBC. He joined Secure Homes in 1962, where he has been instrumental in the Company's development.

Bob Erith

Aged 54, Non-executive Director. He is Chairman of Swiss Bank Corporation London Equities Group and Chairman of Anglia Housing Association Group Ltd. He is also a non-executive director of Erith plc (deputy chairman), The Royal London Mutual Insurance Society Ltd., Aspinwall & Co. Ltd. and Crest Nicholson PLC.

Tom O'Malley

Aged 64, Non-executive Director. He has more than 40 years' experience in the financial services industry. He is also a non-executive director of Hitachi Credit (UK) plc.

Nick Talbot Rice

Aged 48, Non-executive Director. He is a venture capitalist based in Birmingham. He is chairman and a director of several unlisted companies. He is also a non-executive director of Foreign & Colonial Smaller Companies PLC and Avonside Group PLC.

Directors' Report

The directors submit their annual report and the audited consolidated financial statements for the year ended 31 December 1992.

Principal Activities and Review

The principal activities of the Group are the provision of home banking and money management, insurance consultancy and other financial services. This report should be read in conjunction with the Chairman's Statement and Operational Review which contain comments on the Group's performance.

Results and Dividends

	£000
Consolidated net profit after taxation	4,883
Dividends on ordinary shares (interim paid and proposed final)	1,921
Retained profit for the year	<u>2,962</u>

The directors recommend the payment of a final dividend of 9.5p on the ordinary shares which, together with the interim dividend of 4p paid on 19 November 1992, represents a total dividend for the year of 13.5p. The final dividend, if approved by members at the Annual General Meeting, will be paid on 24 May 1993 to shareholders on the register at close of business on 23 April 1993.

Acquisitions

The Company acquired Peoples Bank PLC, an authorised banking institution which provides a range of services to over 5,000 customers and has a branch in Bradford as well as operating a postal service, for a cash consideration of £4.8 million on 22 March 1993.

A subsidiary, OBC Insurance Consultants Limited, acquired the business of North Staffs Insurance Consultants for a cash consideration of £90,000 on 8 June 1992.

Share Capital

The Company established in 1988 an Executive Share Option Scheme under which options over ordinary shares of 1p have been granted which are exercisable within three and ten years of the date of grant. To date the following options have been granted and exercised.

Date	Employees	Options Granted	Options Exercised	Price
6 December 1988	3	105,000	44,700	140p
12 March 1990	5	110,000	—	220p

Apart from the issue of 28,700 ordinary shares to satisfy the options exercised, the Company made no share issues during the year.

At the Annual General Meeting shareholders will be asked to approve two Special Resolutions; the authority granted by each of them will expire at the conclusion of the Annual General Meeting in 1994.

The first continues the authority of the directors to issue shares in nominal value equal to 5% of the existing share capital for cash, otherwise than to existing shareholders pro rata to their holdings. The directors have no present intention of issuing any shares and will not issue shares which would effectively change the control of the Company without the prior approval of shareholders in General Meeting.

The second authorises the directors to make market purchases of shares not exceeding 10% of the issued share capital. The directors have no present intention to purchase the Company's shares, but will keep the position under review in order to maximise the Company's resources in the best interests of the shareholders.

Directors' Report

Substantial Shareholders

The Company was aware at 31 March 1993 of the following substantial holdings in the ordinary shares of the Company, other than those held by the two directors shown below:

Holder	Ordinary Shares	%
Postel Investment Management Limited	936,672	6.6
Prudential Assurance Co. Limited	668,117	4.7
The Equitable Life Assurance Society	648,601	4.6
National Westminster Bank Plc	457,000	3.2

Directors

H. Angest	Chairman	R. F. Erith	N. C. Talbot Rice
R. Paston		T. A. O'Malley	

Mr. Talbot Rice retires by rotation and, being eligible, offers himself for re-election. He does not have a service contract.

Mr. Erith has assumed the role of chairman of the Audit Committee, of which all other directors are currently members.

According to the register maintained under Section 325 of the Companies Act 1985 the interests of directors and their families in the ordinary 1p shares of the Company were as follows:

Beneficial Interests	At 1 January 1992	31 December 1992	%
H. Angest	5,678,095	5,680,377	39.9
R. Paston	692,130	692,130	4.9
T. A. O'Malley	7,100	5,000	—
R. F. Erith	2,500	2,500	—

There have been no changes in beneficial interests between 1 January and 31 March 1993.

No director, either during or at the end of the financial year, was materially interested in any contract with the Company or any of its subsidiaries which was significant in relation to the Group's business. One director received a loan from Secure Homes Limited of £300,000 on normal commercial terms as disclosed in note 10 to the financial statements.

The Company maintains directors' and officers' liability insurance cover for directors and officers of the Company.

Employees

The average number of persons employed each week by the Group was 369 (1991: 366) and the aggregate remuneration paid to them during the year was £4,375,000 (1991: £3,720,000).

The Company gives due consideration to the employment of disabled persons and is an equal opportunities employer. It also regularly provides employees with information on matters of concern to them, consults widely on decisions likely to affect their interests and encourages their involvement in the performance of the Company through share participation and in other ways.


Status

The Company is not a close company as defined in the Income and Corporation Taxes Act 1988.

Auditors

A resolution to reappoint Coopers & Lybrand 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. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

BY ORDER OF THE BOARD


J. R. KAYE
Secretary

5 April 1993

Consolidated Profit and Loss Account

For the year ended 31 December 1992

	Notes	1992 £000	1991 £000
Gross income	1, 2	17,452	15,559
Administrative expenses		<u>10,137</u>	<u>8,849</u>
Profit on ordinary activities before taxation	3	7,315	6,710
Taxation on profit on ordinary activities	5	<u>2,417</u>	<u>2,208</u>
Profit on ordinary activities after taxation		4,898	4,502
Minority interests	17	<u>15</u>	<u>26</u>
Profit attributable to shareholders		4,883	4,476
Dividends	6	<u>1,921</u>	<u>1,704</u>
Retained Profit for the year	15	<u>2,962</u>	<u>2,772</u>
Earnings per share	7	<u>34.3p</u>	<u>31.5p</u>



Consolidated Balance Sheet

At 31 December 1992

	Notes	1992 £000	1991 £000
Fixed Assets			
Tangible assets	8	2,123	2,221
Current Assets			
Debtors: amounts falling due after one year	9	1,792	1,909
Debtors: amounts falling due within one year	9	8,453	6,838
Short-term deposits		17,500	13,500
Cash at bank and in hand		4	2,499
		<u>27,749</u>	<u>24,746</u>
Creditors: Amounts falling due within one year	11	<u>23,393</u>	<u>23,187</u>
Net Current Assets		<u>4,356</u>	<u>1,559</u>
Total Assets Less Current Liabilities		<u>6,479</u>	<u>3,780</u>
Provision for Liabilities and Charges			
Deferred taxation	12	252	211
		<u>6,227</u>	<u>3,569</u>
Capital and Reserves			
Called up share capital	13	142	142
Share premium account	14	9,422	9,382
Profit and loss account	15	13,089	10,127
Shareholders' Funds Gross		<u>22,653</u>	<u>19,651</u>
Premiums on acquisitions written off	16	(16,574)	(16,215)
Minority interests	17	148	133
Shareholders' Funds Net		<u>6,227</u>	<u>3,569</u>

The financial statements on pages 12 to 22 were approved by the board of directors on 5 April 1993 and are signed on its behalf by:

H. Angest }
R. Paston } Directors



Secure Trust Group PLC



Company Balance Sheet

At 31 December 1992

	Notes	1992 £000	1991 £000
Fixed Assets			
Investment in subsidiaries	24	13,625	13,625
Current Assets			
Debtors	9	4,608	3,456
Cash at bank and in hand		453	306
		<u>5,061</u>	<u>3,762</u>
Creditors: Amounts falling due within one year	11	<u>1,510</u>	<u>1,270</u>
Net Current Assets		<u>3,551</u>	<u>2,492</u>
		<u><u>17,176</u></u>	<u><u>16,117</u></u>
Capital and Reserves			
Called up share capital	13	142	142
Share premium account	14	9,422	9,382
Profit and loss account	15	7,612	6,593
Shareholders' Funds		<u><u>17,176</u></u>	<u><u>16,117</u></u>

The financial statements on pages 12 to 22 were approved by the board of directors on 5 April 1993 and are signed on its behalf by:

H. Angest }
R. Paston } Directors

Consolidated Cashflow Statement

For the year ended 31 December 1992

	Notes	1992 £000	1991 £000
Net Cash Flow from Operating Activities	18	6,065	8,032
Net Cash Outflow from Returns on Investments and Servicing of Finance			
Dividends paid		(1,776)	(1,561)
Taxation			
UK Corporation tax paid		(2,369)	(4,683)
Investing Activities			
(Increase) decrease in short-term deposits		(4,000)	772
Purchase of tangible fixed assets		(402)	(727)
Sale of tangible assets		113	106
Acquisitions	16	(359)	(1,593)
Net Cash Outflow from Investing Activities		(4,648)	(1,442)
Net Cash (Outflow) Inflow before Financing		(2,728)	346
Financing			
Issue of ordinary shares	19	40	22
Repayment of unsecured loan notes	19	(25)	(50)
Net Cash Inflow (Outflow) from Financing		15	(28)
(Decrease) increase in Cash at Bank and in Hand	20	(2,713)	318
 Increase (decrease) in short-term deposits		 4,000	 (772)
(Decrease) increase in cash at bank and in hand		(2,713)	318
Net Increase (decrease) in Short-term Deposits and Cash at Bank and in Hand		1,287	(454)

Accounting Policies

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 is set out below.

(a) Basis of accounting

The financial statements are prepared under the historical cost basis of accounting.

(b) Basis of consolidation

The financial statements include the results of the Company and its subsidiaries for the year ended 31 December 1992 or from the date of acquisition.

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not published a separate profit and loss account.

(c) Gross income

Gross income represents the value of management fees, agency commissions and interest margin for services supplied to customers exclusive of value added tax.

(d) Depreciation

Depreciation is charged on a straight line basis, from the month of purchase, to write down the cost of fixed assets over their estimated useful lives, applying the following annual rates:

Freehold property	—	2%
Computer equipment	—	20%
Other office equipment	—	5% to 15%
Motor vehicles	—	25%

(e) Deferred taxation

Deferred taxation is provided, at the current rate of corporation tax, to the extent that it is probable that a liability will crystallise in the foreseeable future.

(f) Premiums on acquisitions

Premiums arising on acquisitions, which represent the difference between the fair value of consideration given and the fair value of the separable net assets acquired, are dealt with as a negative reserve in the consolidated balance sheet.

(g) Pensions

The Group contributes to individual defined contribution pension schemes for the benefit of certain employees. The Group's contributions, which are determined annually based on actuarial recommendations, are charged against profits in the year in which they are made.

(h) Operating Leases

Operating lease rentals are charged to profit and loss account as incurred.

Notes to the Financial Statements

For the year ended 31 December 1992

1. Gross Income

Gross income, all of which arises within the United Kingdom, is derived from the provision of home banking and money management, insurance consultancy and other financial services. Gross income comprises:

	1992	1991
	£000	£000
Fees income	7,416	6,666
Commission income	6,617	5,324
Interest margin	3,419	3,569
	<u>17,452</u>	<u>15,559</u>

2. Analysis of Results

In the opinion of the directors the Group's activities are carried on within two classes of business, and the Group's results have been analysed accordingly.

	Home banking and money management		Insurance consultancy and other financial services		Group	
	1992	1991	1992	1991	1992	1991
	£000	£000	£000	£000	£000	£000
Gross Income	<u>11,463</u>	<u>10,838</u>	<u>5,989</u>	<u>4,721</u>	<u>17,452</u>	<u>15,559</u>
Profit before Taxation	<u>5,031</u>	<u>5,126</u>	<u>2,284</u>	<u>1,584</u>	<u>7,315</u>	<u>6,710</u>
Segmental Assets	<u>15,990</u>	<u>15,056</u>	<u>6,663</u>	<u>4,595</u>	<u>22,653</u>	<u>19,651</u>
Minority interests					148	133
Premiums on acquisitions written off					(16,574)	(16,215)
Net Assets					<u>6,227</u>	<u>3,569</u>

3. Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration		
Group	52	50
Company	3	3
Depreciation of tangible fixed assets	401	309
Equipment rentals	53	75
Other operating lease rentals	<u>305</u>	<u>221</u>
And after crediting:		
Rent from sub-letting of premises	15	15
Profit on disposal of tangible fixed assets	<u>14</u>	<u>—</u>

Remuneration of the company's auditors for the provision of non-audit services to the company and its subsidiary undertakings was £31,000. This comprises taxation compliance and advisory fees of £28,000 and other statutory audit services under the Banking Act 1987 of £3,000.

4. Directors and Employees

The average number of persons (including executive directors) employed by the Group during the period was 369 (1991: 366).

Staff costs for the above persons:

Wages and salaries	3,796	3,261
Social security costs	399	289
Other pension costs	180	170
	<u>4,375</u>	<u>3,720</u>

Notes to the Financial Statements

	1992 £000	1991 £000
4. Directors and Employees (continued)		
Directors' remuneration		
The remuneration paid to directors was:		
Fees	29	21
Other emoluments (including pension contributions)	373	338
	<u>402</u>	<u>359</u>
	<u>402</u>	<u>359</u>
Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to		
The Chairman and highest paid director	148	130
	<u>148</u>	<u>130</u>
The directors received emoluments in the following ranges:		
	Number	Number
£5,001-£10,000	2	2
£10,001-£15,000	1	1
£130,001-£135,000	—	2
£145,001-£150,000	2	—
Mr. N. C. Talbot Rice was a director of SUMIT Equity Ventures Ltd which received a fee of £3,300 in respect of his services up to 30 April 1992 (1991: £10,000).		
5. Taxation		
Taxation based on the profit for the year:	£000	£000
Corporation tax at 33% (1991: 33.25%)	2,405	2,348
Corporation tax over-provided in prior years	(29)	(45)
Deferred taxation	41	(95)
	<u>2,417</u>	<u>2,208</u>
	<u>2,417</u>	<u>2,208</u>
6. Dividends		
Interim paid: 4.0p per share (1991: 3.5p)	569	497
Final proposed: 9.5p per share (1991: 8.5p)	1,352	1,207
	<u>1,921</u>	<u>1,704</u>
	<u>1,921</u>	<u>1,704</u>
7. Earnings Per Share		
Weighted number of shares in issue during the year	14,223,230	14,187,363
Profit attributable to shareholders	£4,883,750	£4,475,875
Earnings per share	<u>34.3p</u>	<u>31.5p</u>

Notes to the Financial Statements

8. Tangible Fixed Assets Group

	Freehold Property £000	Computer & Office Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 1992	978	1,789	471	3,238
Additions	—	163	239	402
Disposals	(30)	—	(163)	(193)
At 31 December 1992	<u>948</u>	<u>1,952</u>	<u>547</u>	<u>3,447</u>
Depreciation				
At 1 January 1992	24	833	160	1,017
Charge for the year	12	250	139	401
Disposals	—	—	(94)	(94)
At 31 December 1992	<u>36</u>	<u>1,083</u>	<u>205</u>	<u>1,324</u>
Net Book Value				
At 31 December 1992	<u>912</u>	<u>869</u>	<u>342</u>	<u>2,123</u>
At 31 December 1991	<u>954</u>	<u>956</u>	<u>311</u>	<u>2,221</u>

The net book value of freehold properties includes £93,500 in respect of freehold property in the course of disposal (1991: £123,000).

9. Debtors

	Group		Company	
	1992 £000	1991 £000	1992 £000	1991 £000
Amounts falling due after one year:				
Trade debtors	<u>1,792</u>	<u>1,909</u>	<u>—</u>	<u>—</u>
Amounts falling due within one year:				
Trade debtors	<u>6,872</u>	<u>5,649</u>	<u>—</u>	<u>—</u>
Amounts owed by subsidiaries	<u>—</u>	<u>—</u>	<u>4,584</u>	<u>3,449</u>
Prepayments and accrued income	<u>1,581</u>	<u>1,189</u>	<u>24</u>	<u>7</u>
	<u>8,453</u>	<u>6,838</u>	<u>4,608</u>	<u>3,456</u>

10. Loans to Directors

The aggregate amounts outstanding at 31 December 1992 to be disclosed under the Companies Act 1985 in respect of persons who were directors during the year and the number of persons concerned were as follows:

	Aggregate amount outstanding	Number of persons
Loan	<u>£300,000</u>	<u>1</u>

Notes to the Financial Statements

11. Creditors: Amounts falling due within one year

	Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Bank overdraft	218	-	-	-
Unsecured loan notes repayable by instalments	-	25	-	-
Trade creditors	19,010	18,866	-	-
Dividend payable	1,352	1,207	1,352	1,207
Corporation tax	2,007	2,000	131	3
Other taxation and social security	97	98	12	11
Accruals and deferred income	709	991	15	49
	<u>23,393</u>	<u>23,187</u>	<u>1,510</u>	<u>1,270</u>

12. Deferred Taxation

	Group	
At 1 January 1992	211	306
Transfer from (to) profit and loss account	41	(95)
At 31 December 1992	<u>252</u>	<u>211</u>
The amounts provided for deferred taxation which is the full potential liability for the Group (Company: Nil), calculated at 33%, are set out below:		
Accelerated capital allowances	20	33
Accrued interest	292	252
Other timing differences	(60)	(74)
	<u>252</u>	<u>211</u>

13. Share Capital

Authorised:		
418,439,000 Ordinary shares of 1p each	<u>4,184</u>	<u>4,184</u>
Allotted, called up and fully paid:		
14,231,494 (1991: 14,202,794) Ordinary shares of 1p each	<u>142</u>	<u>142</u>
On 15 April 1992 28,700 Ordinary shares of 1p each were issued for cash at a total premium of £39,893.		

14. Share Premium Account

	Group and Company	
	£000	
At 1 January 1992		9,382
Arising during the year		40
At 31 December 1992		<u>9,422</u>

Notes to the Financial Statements

15. Profit and Loss Account

	Group £000	Company £000
At 1 January 1992	10,127	6,593
Retained profit for the year	2,962	1,019
At 31 December 1992	<u>13,089</u>	<u>7,612</u>

As required by Schedule 4a(14) of the Companies Act 1985 the cumulative amount written off in respect of premiums on acquisitions is shown in note 16 below.

16. Premiums on Acquisitions written off

	Group £000
At 1 January 1992	16,215
Premiums arising in the year	359
At 31 December 1992	<u>16,574</u>

On 10 March 1992 the business of Home Management Company of the Midlands Limited was acquired for a total consideration of £267,000, comprising cash £263,000 and costs of acquisition £4,000.

On 8 June 1992 the business of North Staffs Insurance Consultants was acquired for a total consideration of £92,000, comprising cash £90,000 and costs of acquisition £2,000.

17. Minority Interests

	£000
At 1 January 1992	133
Share of profit for the year	15
At 31 December 1992	<u>148</u>

18. Net Cash Flow from Operating Activities

	1992 £000	1991 £000
Operating Profit	7,315	6,710
(Increase) decrease in interest receivable	(121)	214
Depreciation on tangible fixed assets	401	309
Profit on sale of tangible fixed assets	(14)	—
(Increase) in trade debtors	(1,106)	(686)
(Increase) in prepayments	(271)	(208)
Increase in trade creditors	144	1,685
(Decrease) increase in other taxation and social security	(1)	48
(Decrease) in accruals	(282)	(40)
Net Cash Flow from Operating Activities	<u>6,065</u>	<u>8,032</u>

Notes to the Financial Statements

19. Analysis of Changes in Financing during the year

	Share Capital (including premium) £000	Unsecured Loan Notes £000
At 1 January 1992	9,524	25
Shares issued for cash	40	—
Repayments	—	(25)
At 31 December 1992	<u>9,564</u>	<u>—</u>

20. Changes in Cash at Bank and in Hand during the year

	1992 £000	1991 £000
At 1 January 1992	2,499	2,181
Net cash (outflow) inflow	(2,713)	318
At 31 December 1992	<u>(214)</u>	<u>2,499</u>

21. Capital Commitments

	1992 £000	1991 £000
Capital commitments for the Group (Company £Nil), which have been contracted for but for which no provision has been made in the financial statements:	<u>80</u>	<u>98</u>

22. Other Financial Commitments

The Group had annual commitments under non-cancellable operating leases as follows (Company: £Nil):

	1992		1991	
	Property rentals £000	Other £000	Property rentals £000	Other £000
Expiring within one year	52	4	48	14
Expiring between two and five years inclusive	144	79	100	43
Expiring in over five years	<u>136</u>	<u>2</u>	<u>132</u>	<u>18</u>

23. Pension Arrangements

The principal pension scheme operated by the Group is a defined contribution scheme. The assets of the scheme are held separately from those of the Group, being invested with an insurance company. The pension cost charge represents contributions payable by the Group to the scheme. The total charge for pension costs is shown in note 4. Included in creditors is an amount of £5,079 representing contributions due to the scheme but not paid over at 31 December 1992.

24. Principal Subsidiary Companies

At 31 December 1992, except as indicated, the Company, either directly or through its subsidiary, was the beneficial owner of all of the equity share capital of the following companies, all of which operate in and are registered in England and Wales. The Company's interests in the shares are shown in its balance sheet at cost.

Subsidiary	Principal activity
Secure Homes Limited and its subsidiaries:	Household cash management
Auto and General Insurance Consultants Limited	Motor and general insurance
Heathfield Finance Limited	Personal loans
Secure Homes Services Limited	General retailing
Secure Travel Limited	Travel operator
OBC Insurance Consultants Limited	Motor and general insurance
Arbuthnot Fund Managers Limited (75%)	Fund management

Report of the Auditors

To the members of Secure Trust Group PLC

We have audited the Financial statements on pages 12 to 22 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and the Group at 31 December 1992 and of the profit and cashflow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
COOPERS & LYBRAND

Chartered Accountants and Registered Auditors
BIRMINGHAM

5 April 1993

Secure Trust Group PLC



Notice of Meeting

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of the Company will be held at 35 Newhall Street, Birmingham B3 3DX on Tuesday, 1st May 1993 at 12.30 p.m. for the following purposes:

1. To receive and adopt the Report of the Directors and the Financial Statements for the year ended 31 December 1992.
2. To declare a dividend on the ordinary shares which the directors recommend should be 9.5p per ordinary share.
3. To re-elect N. C. Talbot Rice as a director.
4. To reappoint Coopers & Lybrand as Auditors and to authorise the directors to fix their remuneration.

Special Business

5. To consider and, if thought fit, to approve the passing of the following Resolution which will be proposed as a Special Resolution:

That the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Subsection (2) of Section 94 of the Companies Act 1985) as if Subsection (1) of Section 89 of the Companies Act did not apply to any such allotment PROVIDED THAT such power shall be limited:

- (i) to the allotment of equity securities in connection with any rights issue in favour of or general offer to holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interests of all the shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with problems in connection with fractional entitlements, record dates, overseas shareholders or otherwise; and
- (ii) to the allotment (otherwise than pursuant to subparagraph (i) above) of equity securities up to an aggregate nominal value of £7,115

and shall expire at the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry.

6. To consider and, if thought fit, to approve the passing of the following Resolution which will be proposed as a Special Resolution:

That the Company be and is hereby generally and unconditionally authorised, pursuant to section 166 of the Companies Act 1985 and Article 50(b) of the Articles of Association, to make market purchases (as defined in Section 163 of the Companies Act 1985) of its own ordinary shares on The London Stock Exchange on such terms and in such manner as the directors shall determine, provided that the general authority conferred by this resolution shall:

- (i) be limited to a maximum of 1,423,100 ordinary shares of 1p each;
- (ii) not permit payment of a price per ordinary share more than 105% of the average of the middle market quotations for such shares derived from The London Stock Exchange Daily Official List for the ten business days immediately preceding the date on which the shares are contracted to be purchased or less than 1p, exclusive of expenses;
- (iii) expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, contract to purchase its own shares on terms which will or may provide for completion to take place in whole or in part after the expiry of this authority.

23-27 Heathfield Road
Kings Heath
Birmingham B14 7BY
16 April 1993

By Order of the Board

J. R. Kaye
Secretary

Note:

- 1) A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- 2) These are no service contracts of directors other than ones which may be terminated on 12 months notice at any time.

Secure Trust Group PLC