

# **ARBUTHNOT COMMERCIAL FINANCE LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER 2001**

2885198



# Arbuthnot Commercial Finance Limited

## Directors Report

The directors submit their report and the financial statements for the year ended 31<sup>st</sup> December 2001 together with comparative figures for the year ended 31<sup>st</sup> December 2000.

### 1. Activities

The principal activity of the Company is the factoring of book debts which is unchanged from last year.

### 2. Results for the year

The Profit and Loss account is set out on page 4. The directors recommend payment of a dividend of £50,000 (2000: £50,000)

The Company's target market continues to be the smaller business sector. Both the level of business and the year end financial position remains satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

### 3. Directors and their Interests

The directors who served on the Board during the year were:

H Angest	Chairman
P T Black	Managing Director
S J Lockley	
R M Taylor	
R J J Wickham	

The interests of directors in the ordinary £1 shares of the Company were as follows:

	At 31 <sup>st</sup> December 2001	At 31 <sup>st</sup> December 2000
P T Black	30,000	30,000
R M Taylor	10,000	10,000

On 25<sup>th</sup> February 2002 PT Black purchased a further 625 shares.

H Angest, S J Lockley and R J J Wickham are directors of Secure Trust Banking Group PLC, the ultimate holding company, and accordingly their interests are dealt with in the report of that company.

# Arbuthnot Commercial Finance Limited

## Directors Report (continued)

### 4. Auditors

A resolution to reappoint PricewaterhouseCoopers 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.

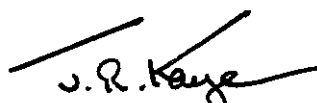
### 5. Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on page 6 under Note 1 "Accounting Policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31<sup>st</sup> December 2001 and that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J R Kaye  
Secretary

Date: 20 MAR 2002

# Arbuthnot Commercial Finance Limited

## Independent auditors' report to the members of Arbuthnot Commercial Finance Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors report.


### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31<sup>st</sup> December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Maidstone

Date 25 March 2002

# Arbuthnot Commercial Finance Limited

## PROFIT AND LOSS ACCOUNT

For the Year ended 31st December 2001

		2001	2000
	Notes	£	£
Turnover	2	1,597,370	1,316,130
Administrative Expenses	3	<u>(1,043,269)</u>	<u>(837,985)</u>
Operating Profit	4	554,101	478,145
Interest Receivable	6	15,496	10,425
Interest Payable	7	<u>(322,335)</u>	<u>(264,586)</u>
<b>Profit on ordinary activities before tax</b>		247,262	223,984
Tax on profit on ordinary activities	8	<u>(80,724)</u>	<u>(72,765)</u>
<b>Profit on ordinary activities after tax</b>		166,538	151,219
Dividend	9	(50,000)	(50,000)
<b>Retained profit for the year</b>	15	<u>116,538</u>	<u>101,219</u>

The results above are all in respect of continuing activities.

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

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

# Arbuthnot Commercial Finance Limited


## BALANCE SHEET


As at 31st December 2001

		2001	2000
	Notes	£	£
<b>Tangible fixed assets</b>	10	154,167	155,540
<b>Current assets</b>			
Debtors	11	10,049,886	8,000,515
Cash at Bank and in hand		<u>719,128</u>	<u>594,265</u>
		10,769,014	8,594,780
<b>Creditors</b>			
Amounts falling due within one year	12	<u>(6,940,532)</u>	<u>(4,434,209)</u>
Net current assets		3,828,482	4,160,571
<b>Total assets less current liabilities</b>		3,982,649	4,316,111
<b>Creditors: Amounts falling due after one year</b>	13	(3,150,000)	(3,600,000)
<b>Net Assets</b>		<u><u>832,649</u></u>	<u><u>716,111</u></u>
<b>Capital and Reserves</b>			
Called up share capital	14	500,000	500,000
Profit and Loss Account	15	332,649	216,111
<b>Equity shareholders' funds</b>	16	<u><u>832,649</u></u>	<u><u>716,111</u></u>

**20 MAR 2002**

The financial statements on pages 4 to 11 were approved by the board of directors on .....  
and were signed on it's behalf by:


H Angest - Chairman


P T Black - Director

# **Arbuthnot Commercial Finance Limited**

## **Notes to the Financial Statements for the year ended 31<sup>st</sup> December 2001**

### **1. Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. Financial Reporting Standard 18 – Accounting Policies, effective for accounting periods ending on or after 22<sup>nd</sup> June 2001 has been adopted. The directors have reviewed the Company's accounting policies and consider that the accounts are prepared in accordance with FRS18.

#### **a) Basis of Accounting**

The accounts of the Company have been prepared in accordance with the historical cost convention.

#### **b) 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, at an annual rate of 25%.

#### **c) Pensions**

The Company is a member of the Secure Trust pension scheme, a defined contribution scheme, and contributes to other pension schemes for the benefit of certain employees. The contributions are charged against profits in the year they are made.

#### **d) Operating Leases**

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

#### **e) Provision for bad and doubtful debts**

Specific provisions are made against amounts which are recognised to be bad or doubtful. In addition, general provisions are maintained to cover bad and doubtful debts which may be present at the year end but have not been specifically identified.

#### **f) Deferred Taxation**

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

#### **g) Cashflow Statement**

The Company is at least 90% owned subsidiary of Secure Trust Banking Group Plc and the cash flows of the Company are included in the consolidated cash flow statement of Secure Trust Banking Group Plc. Consequently the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

#### **h) Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period. Individual transactions are translated at the rate of exchange ruling at the date of the transaction. All exchange differences are included in the Profit and Loss account.

### **2. Turnover**

Turnover, which excludes value added tax, represents administrative and discount income on debts purchased from clients who operate in the United Kingdom. The debts purchased from clients become the assets of the Company and are therefore recognised in full in the Company's balance sheet.

# Arbuthnot Commercial Finance Limited

## Notes to the Financial Statements for the year ended 31st December 2001

### 3. Administrative Expenses

	2001 £	2000 £
Staff costs including directors' costs		
Salaries	510,567	408,187
Social security costs	47,153	36,736
Pension costs	31,756	25,860
Other administrative expenses	453,793	367,202
	<u>1,043,269</u>	<u>837,985</u>

The number of full time staff (including 2 executive directors) employed at the year end was 29 (2000: 21) and the average number during the trading period was 25 (2000: 21).

### 4. Operating Profit

The operating profit of the Company is stated after charging the following items:

	2001 £	2000 £
Depreciation of tangible fixed assets	65,915	59,602
Auditors' remuneration - audit services	12,200	11,750
Operating lease rentals	18,100	18,100
Loss on sale of fixed assets	214	1,813

### 5. Directors' Emoluments

	2001 £	2000 £
Management remuneration	158,123	139,310
Pension contributions	14,067	12,317

The emoluments of Messrs Angest, Lockley & Wickham are paid by the immediate parent company which makes no recharge to the Company. Their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

Retirement benefits paid by the Company are accruing to two directors under money purchase schemes.



# Arbuthnot Commercial Finance Limited

## Notes to the Financial Statements for the year ended 31st December 2001

### 6. Interest Receivable

	2001 £	2000 £
On Group bank accounts	<u>15,496</u>	<u>10,425</u>

### 7. Interest Payable

	2001 £	2000 £
On overdrafts and loans	168,270	103,930
On Group overdrafts and loans	154,065	160,656
	<u>322,335</u>	<u>264,586</u>

### 8. Taxation

	2001 £	2000 £
United Kingdom corporation tax at 30% (2000: 30%)	<u>80,724</u>	<u>72,765</u>

The Company has no actual or potential liability in respect of deferred taxation.

### 9. Dividends

	2001 £	2000 £
Ordinary: Final proposed 10p per share (2000: 10p per share)	<u>50,000</u>	<u>50,000</u>

# Arbuthnot Commercial Finance Limited

## Notes to the Financial Statements for the year ended 31st December 2001

### 10. Tangible Fixed Assets

	Motor Cars £	Computer Equipment £	Furniture & Equipment £	Premises Improve - ments £	Total £
<b>Cost</b>					
As at 1st January 2001	121,417	113,337	21,321	10,929	267,004
Additions	36,707	35,524	7,512	230	79,973
Disposals	(45,945)	-	-	-	(45,945)
As at 31st December 2001	<u>112,179</u>	<u>148,861</u>	<u>28,833</u>	<u>11,159</u>	<u>301,032</u>
<b>Depreciation</b>					
As at 1st January 2001	38,472	56,718	11,140	5,134	111,464
Disposals	(30,514)	-	-	-	(30,514)
Charge for Year	27,741	29,964	5,447	2,763	65,915
As at 31st December 2001	<u>35,699</u>	<u>86,682</u>	<u>16,587</u>	<u>7,897</u>	<u>146,865</u>
<b>Net book value at 31st December 2001</b>	<u><b>76,480</b></u>	<u><b>62,179</b></u>	<u><b>12,246</b></u>	<u><b>3,262</b></u>	<u><b>154,167</b></u>
Net book value at 31st December 2000	<u>82,945</u>	<u>56,619</u>	<u>10,181</u>	<u>5,795</u>	<u>155,540</u>

### 11. Debtors

	2001 £	2000 £
Factor debtors	10,002,788	7,925,005
Other debtors	1,384	-
Prepayments and accrued income	45,714	75,510
	<u>10,049,886</u>	<u>8,000,515</u>

### 12. Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	1,528,680	710,055
Amounts due to clients	5,204,815	3,505,692
Corporation tax	31,096	51,926
Other taxation and social security	39,054	37,681
Other creditors	15,332	462
Accruals	71,555	78,393
Dividends payable	50,000	50,000
	<u>6,940,532</u>	<u>4,434,209</u>

# Arbuthnot Commercial Finance Limited

## Notes to the Financial Statements for the year ended 31st December 2001

### 13. Creditors: amounts falling due after more than one year

	2001 £	2000 £
Due to parent Company	2,000,000	2,000,000
Bank Loans	1,150,000	1,600,000
	<u>3,150,000</u>	<u>3,600,000</u>

The amount due to the parent company has no fixed date for repayment. At the balance sheet date the Company has received confirmation that repayment will not be required in 2002. Interest is payable on all facilities at rates linked to standard market rates.

### 14. Called up share capital

	2001 £	2000 £
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid:		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

### 15. Profit and Loss Account

	£
At 1st January 2001	216,111
Retained profit for the financial year	116,538
At 31st December 2001	<u>332,649</u>

### 16. Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit on ordinary activities after taxation	166,538	151,219
Dividend	(50,000)	(50,000)
Net addition to shareholders' funds	<u>116,538</u>	<u>101,219</u>
Opening shareholders' funds	716,111	614,892
Closing shareholders' funds	<u>832,649</u>	<u>716,111</u>

# Arbuthnot Commercial Finance Limited

## Notes to the Financial Statements for the year ended 31st December 2001

### 17. Operating Lease Commitments

Annual commitments under non-cancellable operating leases

2,001	2,000
£	£

Land and Buildings	- expiring between two and five years	18,100	18,100
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### 18. Related Party Transactions

The Company has taken advantage of the exemptions available under Financial Reporting Standard No. 8 Related Party Transactions from disclosing transactions and balances which eliminate on consolidation in the ultimate parent company's accounts.

### 19. Ultimate Parent Company

The directors regard Secure Trust Banking Group PLC, a company registered in England and Wales, as the ultimate parent company and controlling party since it holds at least 90% of the Company's issued equity capital. Copies of the parent's consolidated financial statements are available from Paston House, Arlestone Way, Solihull, B90 4LH.