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Deloitte Haskins+Sells

SECURE HOMES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1987

SECURE HOMES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31st December 1987.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was:

To accept standing instructions from clients to discharge on their behalf liabilities of a regular and recurring nature and to collect from the clients agreed weekly or monthly sums of money to provide and maintain the funds necessary to carry out this function.

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 AND DIVIDENDS

	£
Profit for the year after taxation	2,039,081
Dividend	1,800,000
Retained profit for the year	239,081
Retained profit brought forward	1,131,264
Retained profit carried forward	£1,370,345

DIRECTORS

The directors who served throughout the year were as follows:

H. Angest - Chairman
R. Paston
M.C. Moss

Mr. H. Angest and Mr.R. Paston are directors of the ultimate holding company Secure Homes Trust Limited and their interest in the share capital of the group are shown in the directors report of that company.

SECURE HOMES LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS (Continued)

The interest in the share capital of the ultimate holding company of M.C. Moss was at 31st December 1987 and 31st December 1986 was as follows:

Secure Homes Trust Limited Ordinary shares of 10p each	9,116

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of Deloitte Haskins & Sells as auditors of the company is to be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

M.C. Moss

M.C. MOSS
Secretary

2nd March 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF SECURE HOMES LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31st December 1987 and of its profit and source and application of funds for the year then ended, and comply with the Companies Act 1985.

DELOITTE HASKINS & SELLS
Chartered Accountants

Birmingham

2nd March 1988

SECURE HOMES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1987

	Notes	1987 £	1986 £
TURNOVER	2	3,360,858	3,050,924
Administration Costs		2,848,608	2,784,600
OPERATING PROFIT		512,250	266,324
Income from quoted investments		60	60
Income from fixed asset investments		970,323	840,000
Other interest receivable		1,165,748	1,184,202
Interest payable	4	-	(4,573)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,648,381	2,286,013
Taxation	5	609,300	501,880
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,039,081	1,784,133
Dividend proposed		1,800,000	1,700,000
RETAINED PROFIT FOR THE YEAR		239,081	84,133
Retained profit brought forward		1,131,264	1,047,131
RETAINED PROFIT CARRIED FORWARD		£1,370,345	£1,131,264

SECURE HOMES LIMITED

BALANCE SHEET
AT 31st DECEMBER 1987

	Notes	1987 £	1986 £
FIXED ASSETS			
Tangible assets	6	512,458	409,669
Investments	7	187,342	187,342
		699,800	597,011
CURRENT ASSETS			
Debtors	8	6,113,256	5,573,241
Investments	9	4,256,609	3,331,609
Cash at bank and in hand		4,334,971	4,540,328
		14,704,836	13,445,178
CURRENT LIABILITIES			
CREDITORS: Amounts falling due within one year	10	13,462,681	12,333,251
NET CURRENT ASSETS		1,242,155	1,111,927
TOTAL ASSETS LESS CURRENT LIABILITIES		1,941,955	1,708,938
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation	11	66,610	72,674
		£1,875,345	£1,636,264
CAPITAL AND RESERVES			
Called up share capital	12	505,000	505,000
Profit and loss account		1,370,345	1,131,264
		£1,875,345	£1,636,264

The financial statements were approved by the Board of Directors on 2nd March 1988 and are signed on their behalf by:

R. PASTON)
) Directors
M.C. MOSS)

SECURE HOMES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st DECEMBER 1987

	1987 £	1986 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	2,648,381	2,286,013
Adjustment for items not involving the movement of funds:		
Depreciation of tangible fixed assets	137,256	107,688
Amortisation of lease	768	768
Dividends receivable from subsidiaries	(970,323)	(840,000)
Profit on disposal of fixed assets	(7,469)	(1,020)
FUNDS GENERATED FROM OPERATIONS	1,808,613	1,553,449
FUNDS FROM OTHER SOURCES		
Dividends received	880,323	600,000
Proceeds on disposal of fixed assets	61,125	16,655
	2,750,061	2,170,104
APPLICATION OF FUNDS		
Purchase of Tangible fixed assets	294,469	245,662
Dividends paid	1,700,000	-
Income tax paid	15,167	40,500
Corporation tax and group relief paid	509,392	472,156
	2,519,028	758,318
NET SOURCE OF FUNDS	£231,033	£1,411,786
Represented by:		
INCREASE IN WORKING CAPITAL		
Debtors	450,015	3,081,937
Creditors	(938,625)	(764,404)
Short term investments and other liquid funds	719,643	(905,747)
	£231,033	£1,411,786

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1987

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Depreciation and amortisation

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

Computer equipment	-	20%
Other office equipment	-	5% to 12½%
Motor Vehicles	-	25%

Amortisation is provided to write off the cost of leasehold property on a straight line basis over the term remaining on the leases.

No depreciation is provided on freehold property as in the opinion of the directors the amount of any provision would not be material.

(c) Other interest receivable

The company's policy is to state interest receivable inclusive of income tax deducted at source.

(d) Deferred taxation

Provision for deferred taxation is made only to the extent that a liability is expected to arise in the foreseeable future.

SECURE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

No analysis of turnover or profit on ordinary activities before taxation by activity or location is given as the company is only involved in one activity which arises entirely within the United Kingdom.

	1987 £	1986 £
Profit on ordinary activities before taxation is stated after charging:		
Directors' remuneration	232,304	215,562
Auditors' remuneration	15,600	15,600
Depreciation of fixed assets	137,256	107,688
Hire of equipment	24,542	23,514
Amortisation of lease	768	768
Loss on redemption of investments	-	16,656
and after crediting:		
Surplus from disposal of fixed assets	7,489	1,020

3. DIRECTORS AND EMPLOYEES

The average number of person (including directors) employed by the company during the year was:

	1987 Number	1986 Number
Administrative	124	122

Staff costs for the above persons:	1987 £	1986 £
Wages and salaries	931,780	842,110
Social security costs	87,640	79,716
Other pension costs	55,124	53,334
	£1,074,544	£975,160

Directors' remuneration

The remuneration paid to the directors was:

	1987	1986
Emoluments (including pension contributions and benefits in kind)	£232,304	£215,562

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. DIRECTORS AND EMPLOYEES (continued)

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to

	1987	1986
The chairman	£66,386	£59,814
The highest-paid director	£70,583	£65,036

The number of other directors who received fees and other emoluments in the following ranges was

	1987 Number	1986 Number
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-

4. INTEREST PAYABLE

	1987 £	1986 £
On bank overdrafts repayable within 5 years	Nil	£4,573

5. TAXATION

	1987 £	1986 £
Taxation based on the profit for the year		
Corporation tax at 35% (1986:36.25%)	585,665	581,537
Corporation tax under provided in prior years	29,699	-
Deferred taxation	(6,064)	(79,657)
	£609,300	£501,880

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TANGIBLE FIXED ASSETS

	Leasehold Property £	Freehold Property £	Computer and Office Equipment £	Motor Vehicles £	Total £
COST					
At 1st January 1987	5,000	17,600	586,792	132,165	741,557
Additions	-	32,964	114,436	147,069	294,469
Disposals	-	-	(70,456)	(76,841)	(147,297)
At 31st December 1987	5,000	50,564	630,772	202,393	888,729
DEPRECIATION					
At 1st January 1987	768	-	285,764	45,356	331,888
Charged for the year	768	-	97,317	39,939	138,024
Disposal	-	-	(48,642)	(44,999)	(93,641)
At 31st December 1987	1,536	-	334,439	40,296	376,271
NET BOOK VALUE					
At 31st December 1987	£3,464	£50,564	£296,333	£162,097	£512,458
At 31st December 1986	£4,232	£17,600	£301,028	£86,809	£409,669

7. FIXED ASSET INVESTMENTS

At 31st December 1987 the company held the following interests in Subsidiary Companies all of which are incorporated in and operate in England:

	Cost £	% held
Auto and General Insurance Brokers (1971) Ltd		
2,000 Ordinary shares of £1 each)		
1,000 Deferred shares of £1 each)	107,000	100
Heathfield Finance Ltd		
20,000 Ordinary shares of £1 each	20,000	100
Secure Homes Services Ltd		
2 Ordinary shares of £1 each	2	100
Jascot Insurance Services Ltd		
60,000 Ordinary shares of £1 each	59,974	100

7. FIXED ASSET INVESTMENTS (continued)

	Cost £	% held
Secure Homes Manchester Ltd		
360 Ordinary shares of £1 each	360	100
Secure Travel Ltd		
2 Ordinary shares of £1 each	2	100
Secure Holidays Ltd		
2 Ordinary shares of £1 each	2	100
Vanguard Debt Collectors Ltd		
2 Ordinary shares of £1 each	2	100
	£187,342	

8. DEBTORS

	1987 £	1986 £
Due within one year:		
Trade Debtors	841,061	696,332
Amounts owed by group companies	4,094,631	3,763,838
Proposed dividends receivable	930,000	840,000
Prepayment and accrued income	247,564	273,071
	£6,113,256	£5,573,241

9. CURRENT ASSET INVESTMENTS

	1987 £	1986 £
Quoted Investments:		
British Transport 3% stock (Market Value £1,965)	1,573	1,573
Other Investments at lower of cost on valuation:		
Local Council Loans	505,036	505,036
Building Society Bonds	3,750,000	2,750,000
Building Society Deposits	-	75,000
	£4,256,609	£3,331,609

SECURE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. CREDITORS

	1987 £	198(£
Amounts falling due within one year:		
Trade creditors	9,356,782	8,548,091
Amounts owed to group companies	1,200,767	1,173,019
Proposed dividends	1,800,000	1,700,000
Corporation tax	570,498	479,693
Other taxation & social security	55,471	22,098
Accruals & deferred income	479,163	410,350
	£13,462,681	£12,333,251

11. DEFERRED TAX

At 1st January 1987	72,674	152,332
Transfer to profit and loss account	(6,064)	(79,658)
At 31st December 1987	£66,610	£72,674

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method, are set out below:

	1987		1986	
	Amount Provided £	Full Potential Liability £	Amount Provided £	Full Potential Liability £
Excess of tax allowances over depreciation	25,769	40,398	16,707	52,606
Accrued Interest	63,591	63,591	55,967	55,967
Other timing differences	(22,750)	(22,750)	-	-
	£66,610	£81,239	£72,674	£108,573

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CALLED UP SHARE CAPITAL

	1987 £	1986 £
Authorised:		
50,000 ordinary shares of 10p each	5,000	5,000
500,000 deferred shares of £1 each	500,000	500,000
	£505,000	£505,000

	1987 £	1986 £
Allotted called up and fully paid:		
50,000 ordinary shares of 10p each	5,000	5,000
500,000 deferred shares of £1 each	500,000	500,000
	£505,000	£505,000

13. CAPITAL COMMITMENTS

Capital commitments for which no provision has been made in these financial statements were as follows:

	£	£
Contracted for	£24,628	£11,523
Authorised but not contracted for	-	£76,000

14. OTHER FINANCIAL COMMITMENTS

The company had annual commitment under non-cancellable operating leases as follows:

	1987 £	1986 £
Expiring between two and five years exclusive	£15,946	£13,899

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PENSIONS

The company makes contributions to individual defined benefit pension funds for the benefit of certain senior employees. It is the policy of the company to avoid the creation of deficits relating to past service.

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Secure Homes Trust Limited a company incorporated in Great Britain.