

Secure Homes Services Limited
Annual report and financial statements
for the year ended 31 December 2008

Registered number: 1404439



Secure Homes Services Limited

Annual report and financial statements for the year ended 31 December 2008

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Secure Homes Services Limited

Directors and advisers

Directors

G A Jennison
N M Fielden

Secretary and registered office

J R Kaye FCIS
One Arleston Way
Solihull
B90 4LH

Registered auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Secure Homes Services Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activity and business review

The principal activities of the company during the year were:

- the subletting of freehold premises, on an open market rental, to its parent company.
- receipt of commissions from utility providers supplying customers of its parent company.

The income statement for the year is set out on page 6. The directors are satisfied with the performance of the company during the year and do not envisage any change in the principal activities in the ensuing year.

Results for the year

The directors do not recommend the payment of a dividend (2007: £nil). The profit for the year of £73,471 (2007: £457,000 profit) has been transferred to reserves.

	2008	2007	Increase / (decrease)
Operating income (£m)	0.4	0.8	(0.4)
Expenses (£m)	(0.1)	(0.1)	(0.0)
Profit before tax (£m)	0.3	0.7	(0.4)
Taxation (£m)	(0.3)	(0.2)	(0.1)
Profit after tax (£m)	0.1	0.5	(0.4)

Directors

The directors who served during the year were as follows:

Mr G A Jennison
Mr N M Fielden

Secure Homes Services Limited

Directors' report for the year ended 31 December 2008 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards and applicable law. The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 confirm that they have complied with the above requirements in preparing the financial statements.


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.

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

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



J R Kaye
Company secretary
11 March 2009

Independent auditors' report to the members of Secure Homes Services Limited

We have audited the financial statements of Secure Homes Services Limited for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Secure Homes Services Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
11 March 2009

Secure Homes Services Limited

Income statement for the year ended 31 December 2008

		2008	2007
	Note	£000	£000
Revenue		442	819
Cost of sales		0	0
Gross profit		442	819
Operating expenses	3	(108)	(116)
Operating profit		334	703
Profit before tax		334	703
Taxation	4	(261)	(246)
Profit after tax		73	457

The above results all relate to continuing operations.

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 10 to 18 are an integral part of these financial statements.

Secure Homes Services Limited

Balance sheet as at 31 December 2008

		2008	2007
	Note	£000	£000
Assets			
Non current assets			
Property, plant and equipment	6	4,400	5,885
		4,400	5,885
Current assets			
Other assets	5	13	33
		13	33
Total assets		4,413	5,918
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	72	483
		72	483
Current liabilities			
Cash and cash equivalents	9	4	0
Other liabilities	9	3,369	3,571
		3,373	3,571
Total liabilities		3,445	4,054
Equity			
Share capital	10	0	0
Revaluation reserve		146	1,154
Profit and loss account		822	710
Capital and reserves attributable to the company's equity holders		968	1,864
Total equity and liabilities		4,413	5,918

The financial statements on pages 6 to 18 were approved by the Board of directors on 11 March 2009 and were signed on its behalf by:


G A Jennison
Director


N M Fielden
Director

Secure Homes Services Limited

Statement of changes in equity for the year ended 31 December 2008

	Share capital £000	Revaluation reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2007	0	1,158	214	1,372
Profit on ordinary activities after tax for 2007	0	0	457	457
Impact upon deferred taxation on change in corporation tax rate	0	35	0	35
Difference between the historical cost and actual depreciation charge for the year calculated on the revalued amount	0	(39)	39	0
At 31 December 2007	0	1,154	710	1,864
Balance at 1 January 2008	0	1,154	710	1,864
Profit on ordinary activities after tax for 2008	0	0	73	73
Difference between the historical cost and actual depreciation charge for the year calculated on the revalued amount	0	(39)	39	0
Revaluation of Solihull property	0	(969)	0	(969)
At 31 December 2008	0	146	822	968

Secure Homes Services Limited

Cash flow statement for the year ended 31 December 2008

	2008	2007
	£000	£000
Note		
Cash flows from operating activities		
Cash generated from operations	439	818
Taxation paid	0	0
Cash flows from operating profits before changes in operating assets and liabilities	439	818
Changes in operating assets and liabilities:		
- Net decrease in group company balances	(455)	(785)
- Net decrease / (increase) in other assets	20	(33)
- Net decrease in other liabilities	(8)	(6)
Net cashflows from operating activities	(4)	(6)
Net cash flows from investing activities	0	0
Net cash flows from financing activities	0	0
Net increase / (decrease) in cash and cash equivalents	(4)	(6)
Cash and cash equivalents at beginning of year	(0)	6
Cash and cash equivalents at end of year	(4)	(0)
9		

	2008	2007
	£000	£000
Profit before tax	334	703
Add back depreciation	105	115
Cash flows from operations	439	818

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008

1 Principal accounting policies

Basis of presentation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods, but the company has not early adopted them:

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The company will apply IFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the reportable segments will remain unchanged. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The company will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The company will apply the IAS 38 (Amendment) from 1 January 2009.
- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the company's accounts and have therefore not been analysed in detail.

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

Principal accounting policies (continued)

Revenue

Revenue income and fees charged for the provision of services are recognised on an accruals basis and included in the income statement when the services has been provided.

Exceptional items

Exceptional items are events or transactions that fall within the activities of the company and which by virtue of their size or incidence have been disclosed separately in order to improve a reader's understanding of the financial statements.

Financial assets

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade receivables are recognised when cash is advanced to the customers. Trade receivables are carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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 of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Initiation of bankruptcy proceedings;
- Deterioration in the value of collateral;
- Deterioration of the borrower's competitive position;

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Notes to the financial statements for the year ended 31 December 2008 (continued)

Principal accounting policies (continued)

Impairment of financial assets (continued)

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

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

Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives, applying the following annual rates, which are subject to regular review:

Freehold buildings	2%
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Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Leases - As a lessee

Rentals made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, loans and advances to banks and building societies and short-term highly liquid debt securities.

Deferred tax

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.

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

Share capital

Dividends on ordinary shares are recognised in equity in the period in which they are approved.

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Notes to the financial statements for the year ended 31 December 2008 (continued)

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.

a) Taxation

Significant estimates are required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

3 Operating expenses

	2008	2007
	£000	£000
Depreciation (note 6)	105	115
Auditors fees	1	1
Other expenses	2	0
Total operating expenses	108	116

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

4 Taxation expense

	2008	2007
	£000	£000
United Kingdom corporation tax at 28.5% (2007: 30%)		
Current	127	243
Deferred	0	0
Current prior year (over)/under provision	134	3
Deferred prior year under/(over) provision	0	0
Taxation expense	261	246
Tax reconciliation		
Profit before tax	334	703
Tax at 28.5% (2007: 30%)	95	211
Capital allowances in excess of depreciation	32	33
Prior period adjustments	134	2
Tax charge for the year	261	246

The UK Corporation Tax rate reduced to 28% from 1 April 2008.

Current year taxation includes an amount of £134,350 in respect of prior period adjustments. This is mitigated by reductions in current tax payable in the current and prior years.

Current year taxation also includes an amount of £223,000 (2007: £92,000) in respect of group relief receivable.

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

5 Other assets

	2008	2007
	£000	£000
Prepayments and accrued income	13	33
	13	33

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Property, plant and equipment

	Freehold property
	£000
Cost at valuation at 1 January 2007	6,230
Accumulated depreciation at 1 January 2007	(230)
Net book amount at 1 January 2007	6,000
Opening net book value at 1 January 2007	6,000
Depreciation charge	(115)
Closing net book value at 31 December 2007	5,885
Cost at valuation at 31 December 2007	6,230
Accumulated depreciation at 31 December 2007	(345)
Net book value at 31 December 2007	5,885
Opening net book value at 1 January 2008	5,885
Revaluation	(1,380)
Depreciation charge	(105)
Closing net book value at 31 December 2008	4,400
At 31 December 2008	
Cost or valuation	4,400
Accumulated depreciation	0
Net book value at 31 December 2008	4,400

The value of freehold land not subject to depreciation is £500,000 (2007: £500,000). All freehold property is held for use by the company's parent company under an operating lease.

The freehold property was revalued in December 2008 by DWD2 Property Consultants. The valuation was undertaken in accordance with the R.I.C.S appraisal valuation manual. The property was valued at £4,400,000. The property has therefore been revalued based on the valuation document received.

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

7 Property, plant and equipment (continued)

If freehold property had not been revalued, it would have been included at the following amounts:

	2008	2007
	£000	£000
Cost 1 January	3,778	3,778
Cost at 31 December	3,778	3,778
Depreciation 1 January	(599)	(523)
Depreciation charge for year	(76)	(76)
Depreciation at 31 December	(675)	(599)
Net book value	3,103	3,179

8 Deferred taxation

	2008	2007
	£000	£000
The deferred tax liability comprises:		
Unrealised surplus on revaluation of fixed assets	72	483
At 1 January	483	518
Revaluation reserve	(411)	(35)
At 31 December	72	483

Secure Homes Services Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Other liabilities

	2008	2007
	£000	£000
Cash and cash equivalents	4	0
Amounts due to related companies	3,229	3,442
Corporation tax	127	108
Accruals and deferred income	12	3
VAT payable	1	18
	3,373	3,571

10 Share capital

	Number of shares	Ordinary shares £
Authorised and allotted		
At 31 December 2007 and 31 December 2008	100	100
Called up and fully paid		
At 31 December 2007 and 31 December 2008	2	2

11 Related party transactions

During the year the company made the following transactions with other companies in the Arbuthnot Banking Group:

	2008	2007
	£000	£000
Secure Trust Bank Plc - building rental received	360	360
	360	360

12 Ultimate parent undertaking and controlling party

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 52.6% of the issued share capital of Arbuthnot Banking Group PLC and is regarded by the directors as the ultimate controlling entity. A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from the Secretary, Arbuthnot Banking Group PLC, One Arlestone Way, Solihull, B90 4LH.