

Secure Homes Services Limited
Annual report and financial statements
for the year ended 31 December 2012

Registered Number 01404439



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activity and business review

The principal activity of Secure Homes Services Limited ('the Company') during the year was the subletting of freehold premises, through an open market rental to its parent company

Results for the year

The directors are satisfied with the performance of the Company during the year and do not envisage any significant change in the principal activity in the ensuing year. The statement of comprehensive income is set out on page 4

The directors do not recommend the payment of a dividend (2011: £nil). The profit for the year of £223,000 (2011: profit for the year of £235,000) has been transferred to reserves

Directors

N Kapur (appointed 19 January 2012)
P A Lynam
D R Nield (resigned 19 January 2012)

Directors' interests

Of the directors holding office at 31 December 2012 Mr Lynam is a director of the ultimate parent company Arbuthnot Banking Group PLC and his interests in the share capital of that company is shown in that company's Directors' Report

Mr Lynam and Mr Kapur are both directors of the immediate parent company, Secure Trust Bank PLC. Their interests in the share capital of that company are shown in that company's Directors' Report

No director had a beneficial interest in shares of the Company during the year

Risk Management

The Company regards the monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application

The Company's overall approach to managing internal control and financial reporting is described in note 3

Going Concern

After making appropriate enquiries which assessed strategy, profitability, funding and capital resources, the directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure

Directors' report

that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

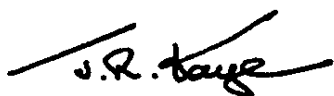
Statement of disclosure of information to auditor

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

Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



J R Kaye

Secretary
20 March 2013

Independent auditor's report

to the members of Secure Homes Services Ltd

We have audited the financial statements of Secure Homes Services Limited for the year ended 31 December 2012 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Walker (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
20 March 2013

Statement of comprehensive income

		Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
	Note		
Revenue		364	377
Gross profit		364	377
Operating expenses	4	(78)	(78)
Profit before income tax		286	299
Income tax expense	6	(63)	(64)
Profit for the year		223	235
Profit attributable to:			
Equity holders of the Company		223	235
Total comprehensive income attributable to:			
Equity holders of the Company		223	235

The notes on pages 8 to 14 are an integral part of these financial statements

Statement of financial position

		At 31 December	
	Note	2012 £000	2011 £000
ASSETS			
Property, plant and equipment	7	4 088	4 166
Total assets		4,088	4,166
EQUITY AND LIABILITIES			
Liabilities			
Current tax liabilities		-	5
Deferred tax liabilities	9	71	97
Other liabilities	8	2,222	2 492
Total liabilities		2,293	2,594
Equity attributable to owners of the parent			
Share capital	10	-	-
Revaluation reserve		140	140
Retained earnings		1 655	1 432
Total equity		1,795	1,572
Total equity and liabilities		4,088	4,166

The financial statements pages on 4 to 14 were approved by the Board of Directors on 20 March 2013 and were signed on its behalf by



N Kapur - Director

Company number 01404439

The notes on pages 8 to 14 are an integral part of these financial statements

Statement of changes in equity

	Share capital £000	Revaluation reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2011	-	142	1,195	1,337
Total comprehensive income for the period				
Profit for the year ended 31 December 2011	-	-	235	235
Other comprehensive income, net of income tax				
Revaluation reserve				
- Amount transferred to profit or loss	-	(2)	2	-
Total other comprehensive income	-	(2)	2	-
Total comprehensive income for the period	-	(2)	237	235
Balance at 31 December 2011	-	140	1,432	1,572
Total comprehensive income for the period				
Profit for the year ended 31 December 2012	-	-	223	223
Total comprehensive income for the period	-	-	223	223
Balance at 31 December 2012	-	140	1,655	1,795

The notes on pages 8 to 14 are an integral part of these financial statements

Statement of cash flows

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Note		
Cash flows from operating activities		
Profit for the year	223	235
Adjustments for		
Income tax expense	63	64
Depreciation	78	78
Cash flows from operating profits before changes in operating assets and liabilities	364	377
Changes in operating assets and liabilities		
- net decrease in other assets	-	360
- net decrease in other liabilities	(364)	(737)
Net cash flow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

The notes on pages 8 to 14 are an integral part of these financial statements

Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Reporting entity

Secure Homes Services Limited is a company domiciled in the United Kingdom. The registered address of Secure Homes Services Limited is One Arlestone Way, Solihull, B90 4LH.

1.2 Basis of presentation

The Company's financial statements have been prepared in accordance with IFRSs (as adopted and endorsed by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The Directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The Directors confirm they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

a) Standards, interpretations and amendments effective in 2012 – relevant to the Company

- IFRS 7 (Revised), 'Disclosures - Transfers of Financial Assets' (endorsed for use in the EU on 22 November 2011). The revised standard requires additional disclosures for transfers of financial assets and where there are a disproportionate amount of transactions undertaken around the period end.
- Improvements to IFRSs. Sets out minor amendments to IFRS standards as part of annual improvements process.

The above changes did not have any material impact on the financial statements.

b) Standards, amendments and interpretations to existing standards (applicable to the Company) 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 2013 or later periods, but the Company has not early adopted them.

- IAS 1 (Revised) 'Presentation of Financial Statements - Presentation of items of other comprehensive income' (effective 1 July 2012). The revised standard requires that an entity present separately the items of other comprehensive income that may subsequently be reclassified to profit or loss from those items that will not be reclassified to profit or loss.
- IFRS 7 (Revised), 'Disclosures - Offsetting Financial Assets and Financial Liabilities' (effective 1 January 2013). The revised standard amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.
- IFRS 10 'Consolidated Financial Statements' and IAS 27 (Revised), 'Separate Financial Statements' (effective 1 January 2013). IFRS 10 supersedes IAS 27 and SIC-12, and provides a single model to be applied in the control analysis for all investees. There are some minor clarifications in IAS 27, and the requirements of IAS 28 and IAS 31 have been incorporated into IAS 27.
- IFRS 11, 'Joint Arrangements' (effective 1 January 2013). This standard replaces the existing accounting for subsidiaries and joint ventures (now joint arrangements) and removes the choice of equity or proportionate accounting for jointly controlled entities, as was the case under IAS 31.

Principal accounting policies

- IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2013) This standard replaces the existing accounting for subsidiaries and joint ventures (now joint arrangements) and contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities
- IFRS 13 Fair Value Measurement (effective 1 January 2013) This standard replaces the existing guidance on fair value measurement in different IFRSs with a single definition of fair value, a framework for measuring fair values and disclosures about fair value measurements
- IAS 32 (Revised), Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014) This standard was amended to clarify the offsetting criteria, specifically when an entity currently has a legal right of set off, and when gross settlement is equivalent to net settlement
- IFRS 9 Financial instruments' (effective from 1 January 2015) This standard deals with the classification and measurement of financial assets and will replace IAS 39 The requirements of this standard represent a significant change from the existing requirements in IAS 39 The standard contains two primary measurement categories for financial assets amortised cost and fair value The standard eliminates the existing IAS 39 categories of 'held to maturity', 'available for sale' and 'loans and receivables' The potential effect of this standard is currently being evaluated but it is not expected to have a pervasive impact on the Company's financial statements, due to the nature of the Company's operations¹

The above standards are unlikely to have a material impact on the Company

¹ These standards have not yet been endorsed by the EU

1.3 Revenue

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

1.4 Property

Property is held at historic cost as modified by revaluation less depreciation The Company has elected under IAS 16.31 to measure its property at fair value Revaluations are kept up to date such that the carrying amount does not differ materially from its fair value as required by IAS 16.34 Revaluation of assets and any subsequent disposal are addressed through the revaluation reserve and any changes are transferred to retained earnings

Depreciation is calculated using the straight-line method to reduce cost to their residual values over the estimated useful life, applying the following annual rates, which are subject to regular review

Land	not depreciated
Freehold buildings	2%

Gains and losses on disposals are determined by comparing proceeds with carrying amounts These are included in the statement of comprehensive income

1.5 Cash and cash equivalents

For the purposes of the statement of cash flows 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

1.6 Income taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits

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

Notes to the financial statements

2. Maturity analysis of assets and liabilities

The table below shows the maturity analysis of the Company assets and liabilities as at 31 December 2012

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2012			
ASSETS			
Property, plant and equipment	-	4 088	4 088
Total assets	-	4,088	4,088
LIABILITIES			
Deferred tax liabilities	-	71	71
Other liabilities	2,222	-	2,222
Total liabilities	2,222	71	2,293

The table below shows the maturity analysis of the Company assets and liabilities as at 31 December 2011

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2011			
ASSETS			
Property, plant and equipment	-	4 166	4 166
Total assets	-	4,166	4,166
LIABILITIES			
Current tax liability	5	-	5
Other liabilities	2,492	-	2 492
Deferred tax liability	-	97	97
Total liabilities	2,497	97	2,594

Notes to the financial statements

3. Financial risk management

Strategy

The directors and senior management of the Company have formally adopted a Risk and Controls Policy which sets out the Board's attitude to risk and internal controls. Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, credit and other authorisation limits and segregation of duties. The Board also receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board.

The Company is not exposed to Credit, Market or Liquidity risks.

4. Operating expenses

	2012	2011
	£000	£000
Operating expenses comprise		
Depreciation (Note 7)	78	78
Total operating expenses	78	78

The audit fees for the current and prior year are borne by Secure Trust Bank PLC.

5. Employee information

The Company had no employees during 2012 (2011: none).

Directors' emoluments were paid by Secure Trust Bank PLC, which makes no recharges to the Company for their services.

6. Income tax expense

	2012	2011
	£000	£000
United Kingdom corporation tax at 24.5% (2011: 26.5%)		
Current taxation		
Corporation tax charge - current year	88	97
Corporation tax charge - adjustments in respect of prior years	1	(4)
	89	93
Deferred taxation		
Deferred tax charge - current year	(26)	(33)
Deferred tax charge - adjustments in respect of prior years	-	4
	(26)	(29)
Income tax expense	63	64
Tax reconciliation		
Profit before tax	286	299
Tax at 24.5% (2011: 26.5%)	70	79
Permanent differences	-	(2)
Marginal relief	(1)	-
Effect of tax rate change	(7)	(13)
Prior period adjustments	1	-
Corporation tax charge for the year	63	64

During the year the Government substantively enacted a reduction in UK corporation tax rate to 24% with effect from 1 April 2012 and to 23% with effect from 1 April 2013. This will reduce the Company's future current tax charge accordingly.

Notes to the financial statements

7. Property

	Freehold property £000
Cost or valuation	
At 1 January 2011	4,400
At 31 December 2011	4,400
At 31 December 2012	4,400
Accumulated depreciation	
At 1 January 2011	(156)
Depreciation charge	(78)
At 31 December 2011	(234)
Depreciation charge	(78)
At 31 December 2012	(312)
Net book amount	
At 31 December 2011	4,166
At 31 December 2012	4,088

The Group's freehold property was valued on 17 December 2008 by an Independent external valuer who is a Fellow of the Royal Institute of Chartered Surveyors. The Valuation was in accordance with the requirements of the RICS Valuation Standards 6th Edition and the International Valuation Standards. The Valuation of the property was on the basis and assumption it is an Owner/Occupied property, valued to Market Value assuming that the property will be sold as part of the continuing business. The Valuer's opinion of Market Value was primarily derived using comparable recent market transactions on arms-length terms. The Directors have assessed the value at year end through comparison to current rental yields on similar properties in the year and do not believe that the fair value of freehold property is materially different from the carrying value. The carrying value of freehold land not depreciated is £0.5 million (2011: £0.5 million).

The historical cost of freehold property included at valuation is as follows

	2012 £000	2011 £000
Cost	3,778	3,778
Accumulated depreciation	(981)	(903)
Net book amount	2,797	2,875

Notes to the financial statements

8. Other liabilities

	2012	2011
	£000	£000
Amounts due to related companies	2,222	2,492
	2,222	2,492

9 Deferred tax

The deferred tax liability comprises

	2012	2011
	£000	£000
Unrealised surplus on revaluation of freehold property	71	97
Deferred tax liability	71	97
At 1 January	97	126
Income statement credit	(19)	(21)
Prior year adjustment	-	4
Tax rate change	(7)	(12)
Deferred tax liability at 31 December	71	97

During the year the Government substantively enacted a reduction in UK corporation tax rate to 24% with effect from 1 April 2012 and to 23% with effect from 1 April 2013. This will reduce the Company's future current tax charge accordingly. Deferred tax has been calculated based on a rate of 23% to the extent that the related temporary or timing differences are expected to reverse.

On 5 December 2012 the Government announced its intention to further reduce the UK corporation tax rate to 21% by April 2014. It has not yet been possible to quantify the full anticipated effect of the announced further 2% reduction, although this will further reduce the Company's future tax charge and reduce the Company's deferred tax liabilities accordingly.

10 Share capital

	Number of shares	Ordinary shares
		£000
At 1 January and at 31 December 2012	100	-

There was no movement in the issued share capital in the current or prior year. The total number of ordinary shares in issue at 31 December 2012 and 31 December 2011 was 100 with a par value of £1 per share (2011: £1 per share). All issued shares are fully paid.

Notes to the financial statements

11. Related party transactions

During the year the Company undertook the following transactions with other companies in the Arbuthnot Banking Group

	2012	2011
	£000	£000
Secure Trust Bank PLC - building rental received/receivable	360	360
	360	360

Amounts payable to related companies are included in note 8

Amounts due to related companies

Amounts due to related companies have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

12. Immediate and ultimate parent company

The directors regard Arbuthnot Banking Group PLC, a Company registered in England and Wales, as the ultimate parent company. Henry Angest, the Group Chairman and Chief Executive has a beneficial interest in 53.6% of the issued share capital of Arbuthnot Banking Group PLC and is regarded by the directors as the ultimate controlling party. A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from the Secretary, Arbuthnot Banking Group PLC, One Arlestone Way, Solihull, B90 4LH.

The immediate parent company is Secure Trust Bank PLC. A copy of the financial statements of Secure Trust Bank PLC may be obtained from Secure Trust Bank PLC, One Arlestone Way, Solihull, B90 4LH.

13. Events after the balance sheet date

There were no post balance sheet events.

Corporate contacts & advisers

Secretary & Registered Office

J R Kaye FCIS
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Advisers

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