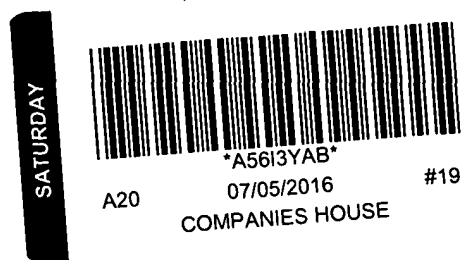


Secure Homes Services Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered Number 01404439



Contents

1	Directors' report
2	Statement of directors' responsibilities
3	Independent auditor's report
4	Statement of comprehensive income
5	Statement of financial position
6	Statement of changes in equity
7	Statement of cash flows
8	Notes to the financial statements
15	Corporate contacts & advisers

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2015. The directors have taken advantage of the small companies' exemption with regards to the preparation of a strategic report. As such, no report has been prepared for the year ended 31 December 2015.

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 immediate parent company Secure Trust Bank PLC.

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 profit for the year of £225,000 (2014: £210,000) has been transferred to reserves. The Company paid a final dividend of £1,000,000 per Ordinary share, totalling £2,000,000 (2014: £nil). The Directors do not recommend the payment of a further dividend.

Directors

N Kapur
P A Lynam

Directors' interests

Of the directors holding office at 31 December 2015 Mr Lynam is a director of the ultimate parent company Arbuthnot Banking Group PLC and his interest 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.

Auditor

Each director in office at the date of this Directors' Report confirms that so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

KPMG LLP was appointed as auditor at the Annual General Meeting held in 2015, and has indicated its willingness to continue in office. A resolution to reappoint it as auditor will be proposed at the next Annual General Meeting.

By order of the Board


A J Karter
Secretary

16 March 2016

Statement of directors' responsibilities

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 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.



N Kapur
Director

16 March 2016

Independent auditor's 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 2015 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 Statement of Directors' Responsibilities set out on page 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 2015 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 matter 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

16 March 2016

Statement of comprehensive income

		Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
	Note		
Revenue		360	360
Gross profit		360	360
Operating expenses	4	(78)	(79)
Profit before income tax		282	281
Income tax expense	6	(57)	(71)
Profit for the year		225	210
Profit attributable to:			
Equity holders of the Company		225	210
Total comprehensive income attributable to:			
Equity holders of the Company		225	210

The company's results above are from continuing operations.

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

Statement of financial position

		At 31 December	
		2015	2014
	Note	£000	£000
ASSETS			
Property, plant and equipment	7	3,854	3,932
Deferred tax assets	9	196	180
Total assets		4,050	4,112
EQUITY AND LIABILITIES			
Liabilities			
Current tax liabilities		150	242
Other liabilities	8	3,226	1,421
Total liabilities		3,376	1,663
Equity attributable to owners of the parent			
Share capital	10	-	-
Revaluation reserve		183	189
Retained earnings		491	2,260
Total equity		674	2,449
Total liabilities and equity		4,050	4,112

The financial statements on pages 4 to 14 were approved by the Board of Directors on 16 March 2016 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 2014	-	191	2,048	2,239
Total comprehensive income for the period				
Profit for the year ended 31 December 2014	-	-	210	210
Revaluation reserve - Amount transferred between reserves	-	(2)	2	-
Total comprehensive income for the period	-	(2)	212	210
Balance at 31 December 2014	-	189	2,260	2,449
Total comprehensive income for the period				
Profit for the year ended 31 December 2015	-	-	225	225
Revaluation reserve - Amount transferred between reserves	-	(6)	6	-
Total comprehensive income for the period	-	(6)	231	225
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Dividends paid	-	-	(2,000)	(2,000)
Total contributions by and distributions to owners	-	-	(2,000)	(2,000)
Balance at 31 December 2015	-	183	491	674

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

Statement of cash flows

		Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
	Note		
Cash flows from operating activities			
Profit for the year		225	210
Adjustments for:			
Income tax expense/(credit)		57	71
Depreciation of property, plant and equipment	7	78	78
Cash flows from operating profits before changes in operating assets and liabilities		360	359
Changes in operating assets and liabilities:			
- net decrease in other liabilities		(360)	(359)
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

Notes to the financial statements

1. 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, West Midlands, B90 4LH.

1.2 Basis of presentation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (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 financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.

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. The valuation of the Company's freehold property is the only area where assumptions and estimates are significant to the financial statements. The methods adopted by the Company in respect of the valuation of the freehold property are described in Note 7.

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.

The following International Financial Reporting Standards have been issued which are not yet effective and which have not been adopted early:

- IFRS 9 'Financial instruments' (effective for annual periods beginning after 1 January 2018). This is the IASB's replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. Phase one of this standard deals with the classification and measurement of financial assets and represents a significant change from the existing requirements in IAS 39. The standard contains three primary measurement categories for financial assets: 'amortised cost', 'fair value through other comprehensive income' and 'fair value through profit or loss' and eliminates the existing categories of 'held to maturity', 'available for sale' and 'loans and receivables'. Phase two of the standard covers impairment, with a new expected loss impairment model that will require expected credit losses to be accounted for from when financial instruments are first recognised and lowers the threshold for the recognition of full lifetime expected losses. Phase three covers general hedge accounting and introduces a substantially reformed model for hedge accounting with enhanced disclosure about risk management activity. The new model aligns the accounting treatment with risk management activities.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning after 1 January 2018). This standard replaces a number of existing standards and interpretations and applies to contracts with customers, but does not apply to insurance contracts, financial instruments or lease contracts, which are in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative relevant disclosures. It introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a principles-based five-step model to be applied to all contracts with customers.
- IFRS 16, 'Leases' (effective from 1 January 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standards, IAS 17 Leases, and related Interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements in IFRS 16 will be an increase in lease assets and

Notes to the financial statements

financial liabilities. Accordingly, for companies with material off balance sheet leases, there will be a change to key financial metrics derived from the company's assets and liabilities (for example, leverage ratios).

The above standards are unlikely to have a material impact on the Company and have not yet been endorsed by the EU.

1.3 Revenue

Revenue relates to the Company's income from the subletting of its freehold premises and is recognised net of VAT on an accruals basis. It is 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 allocate their cost to their residual values over the following estimated useful lives, which are subject to regular review:

Land	not depreciated
Freehold buildings	50 years

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 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.

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

Notes to the financial statements

2. Maturity analysis of assets and liabilities

The table below shows the maturity analysis of the Company's assets and liabilities as at 31 December 2015:

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2015			
ASSETS			
Property, plant and equipment	-	3,854	3,854
Deferred tax assets	-	196	196
Total assets	-	4,050	4,050
LIABILITIES			
Current tax liabilities	150	-	150
Other liabilities	3,226	-	3,226
Total liabilities	3,376	-	3,376

The table below shows the maturity analysis of the Company's assets and liabilities as at 31 December 2014:

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2014			
ASSETS			
Property, plant and equipment	-	3,932	3,932
Deferred tax assets	-	180	180
Total assets	-	4,112	4,112
LIABILITIES			
Current tax liabilities	242	-	242
Other liabilities	1,421	-	1,421
Total liabilities	1,663	-	1,663

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 directors assess the value of the Company's freehold property through comparison to current rental yields on similar properties and consider that a fall in the valuation of the freehold property is a key risk to the Company. The Company is not exposed to Credit, Market or Liquidity risks.

4. Operating expenses

	2015	2014
	£000	£000
Operating expenses comprise:		
Depreciation of property, plant and equipment (Note 7)	78	78
Other administrative expenses	-	1
Total operating expenses	78	79

The audit fees for the current and prior year were borne by the Company's immediate parent company Secure Trust Bank PLC, which made no recharge to the Company. The audit fees attributable to the Company were £5,000 (2014: £5,000).

5. Employee information

The Company had no employees during 2015 (2014: none).

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

6. Income tax expense

	2015	2014
	£000	£000
Current taxation		
Corporation tax charge - current year	73	77
Corporation tax charge - adjustments in respect of prior years	-	1
	73	78
Deferred taxation		
Deferred tax charge - current year	(16)	(7)
	(16)	(7)
Income tax expense	57	71
Tax reconciliation		
Profit before tax	282	281
Tax at 20.25% (2014: 21.5%)	57	60
Effect of tax rate change	-	10
Prior period adjustments	-	1
Income tax expense for the year	57	71

On 2 July 2013 the Government substantively enacted a reduction in the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and then from 21% to 20% with effect from 1 April 2015. Further reductions to 19% (effective from 1

Notes to the financial statements

April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly.

7. Property, plant and equipment

	Freehold property £000
Cost or valuation	
At 1 January 2014	4,400
At 31 December 2014	4,400
At 31 December 2015	4,400
Accumulated depreciation	
At 1 January 2014	(390)
Depreciation charge	(78)
At 31 December 2014	(468)
Depreciation charge	(78)
At 31 December 2015	(546)
Net book amount	
At 31 December 2014	3,932
At 31 December 2015	3,854

The Company's freehold property is the Registered Office of the Company.

The directors have assessed the value of the Company's freehold property at the year-end through comparison to current rental yields on similar properties in the same area and do not believe that the fair value of freehold property is materially different from its carrying value. The carrying value of freehold land which is included in the carrying value and which is not depreciated is £0.5 million (2014: £0.5 million).

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

	2015 £000	2014 £000
Cost	4,832	4,832
Accumulated depreciation	(1,207)	(1,135)
Net book amount	3,625	3,697

Notes to the financial statements

8. Other liabilities

	2015	2014
	£000	£000
Amounts due to the immediate parent company	3,226	1,421
	3,226	1,421

Amounts due to the immediate parent company

Amounts due to the immediate parent company 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.

9. Deferred tax assets

The deferred tax assets comprise:

	2015	2014
	£000	£000
Unrealised surplus on revaluation of freehold property	196	180
Deferred tax assets	196	180
At 1 January	180	173
Income statement credit	16	17
Tax rate change	-	(10)
Deferred tax assets at 31 December	196	180

On 2 July 2013 the Government substantively enacted a reduction in the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015. This will reduce the Group's future current tax charge accordingly. Deferred tax has been calculated based on the enacted rates to the extent that the related temporary or timing differences are expected to reverse in the future periods.

10. Share capital

	Number of ordinary shares	Ordinary shares
		£000
At 31 December 2014 and at 31 December 2015	2	-

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 2015 and 31 December 2014 was 2 with a par value of £1 per share (2014: £1 per share). Both 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 group headed by the ultimate parent company, Arbuthnot Banking Group PLC:

	2015	2014
	£000	£000
Secure Trust Bank PLC - building rental received/receivable	360	360
	360	360

Amounts due to related companies are included in Note 8.

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. Sir Henry Angest, the Group Chairman and Chief Executive has a beneficial interest in 53.7% 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, Arbuthnot House, 7 Wilson Street, London, EC2M 2SN.

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, West Midlands, B90 4LH.

13. Events after the balance sheet date

There were no post balance sheet events.

Corporate contacts & advisers

Secretary & Registered Office

A J Karter
One Arleston Way
Solihull
West Midlands
B90 4LH
T 0121 693 9100
F 0121 693 9124

Advisers

Independent Auditor:
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Principal Banker:
Barclays Bank PLC
38 Hagley Road
Edgbaston
Birmingham
B16 8NY