Secure Homes Services Limited
Annual report and financial statements for the year ended 31 December 2013

Registered Number 01404439

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Contents

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2013 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 2013

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 £443,869 (2012 £223,000) has been transferred to reserves The directors do not recommend the payment of a dividend (2012 £nil)

Directors
N Kapur
P A Lynam

Directors' interests
Of the directors holding office at 31 December 2013 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

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

Directors' report

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

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

Following a review of their corporate structure, our auditor, KPMG Audit Plc, has instigated an orderly wind down of business, with future audit work being undertaken by KPMG LLP The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution for its appointment will be proposed to the forthcoming Annual General Meeting of the Company There is no difference in liability terms between KPMG Audit Plc and KPMG LLP

By order of the Board

J.R.Kaye

J R Kaye
Secretary

19 March 2014

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 2013 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 2013 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

Richard Gabbertas (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

19 March 2014

Statement of comprehensive income

	Note	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Revenue		360	364
Gross profit		**360**	**364**
Operating expenses	4	(78)	(78)
Profit before income tax		**282**	**286**
Income tax credit / (expense)	6	162	(63)
Profit for the year		**444**	**223**
Profit attributable to			
Equity holders of the Company		**444**	**223**
Total comprehensive income attributable to			
Equity holders of the Company		**444**	**223**

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

	Note	At 31 December 2013 £000	2012 £000
ASSETS			
Property, plant and equipment	7	4 010	4,088
Deferred tax assets	9	173	-
Total assets		**4,183**	**4,088**
EQUITY AND LIABILITIES			
Liabilities			
Current tax liabilities		164	-
Deferred tax liabilities	9	-	71
Other liabilities	8	1,780	2 222
Total liabilities		**1 944**	**2,293**
Equity attributable to owners of the parent			
Share capital	10	-	-
Revaluation reserve		191	140
Retained earnings		2 048	1 655
Total equity		**2,239**	**1,795**
Total equity and liabilities		**4,183**	**4,088**

The financial statements on pages 4 to 14 were approved by the Board of Directors on 19 March 2014 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	Revaluation reserve	Retained earnings	Total
	£000	£000	£000	£000
Balance at 1 January 2012	-	**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**
Total comprehensive income for the period				
Profit for the year ended 31 December 2013	-	-	444	444
Other comprehensive income, net of income tax				
Revaluation reserve				
- Amount transferred to profit or loss	-	51	(51)	-
Total other comprehensive income	-	**51**	**(51)**	-
Total comprehensive income for the period	-	**51**	**393**	**444**
Balance at 31 December 2013	-	**191**	**2,048**	**2,239**

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

Statement of cash flows

	Note	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Cash flows from operating activities			
Profit for the year		444	223
Adjustments for			
Income tax (credit)/expense		(162)	63
Depreciation of property, plant and equipment	7	78	78
Cash flows from operating profits before changes in operating assets and liabilities		360	364
Changes in operating assets and liabilities			
- net decrease in other liabilities		(360)	(364)
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 Arleston 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 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 2013 or that have been early adopted and are relevant to the Company

- 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 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 This standard applies to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair value is to be provided Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

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 2014 or later periods, but the Company has not early adopted them

- IFRS 10, 'Consolidated Financial Statements' and IAS 27 (Revised), Separate Financial Statements' (effective 1 January 2014) 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 2014) 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

Notes to the financial statements

- IFRS 12, 'Disclosure of Interests in Other Entities (effective 1 January 2014) 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

- 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

- IAS 36 (Revised), 'Impairment of Assets' (effective 1 January 2014) This relates to the recoverable amounts disclosure for non-financial assets The amendment reverses the unintended requirement in IFRS 13 'Fair Value Measurement' to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed [1]

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

- IFRS 9 'Financial instruments (effective from 1 January 2017) Phase one of 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 operations [1]

[1] *These standards and interpretations 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 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

Notes to the financial statements

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

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 2013

At 31 December 2013	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Property plant and equipment	-	4,010	4,010
Deferred tax assets	-	173	173
Total assets	**-**	**4,183**	**4,183**
LIABILITIES			
Current tax liabilities	164	-	164
Other liabilities	1 780	-	1 780
Total liabilities	**1,944**	**-**	**1,944**

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

At 31 December 2012	Due within one year £000	Due after more than one year £000	Total £000
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**

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

	2013	2012
Operating expenses comprise	£000	£000
Depreciation of property plant and equipment (Note 7)	78	78
Total operating expenses	**78**	**78**

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 (2012 £5,000)

5. Employee information

The Company had no employees during 2013 (2012 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

	2013	2012
	£000	£000
Current taxation		
Corporation tax charge - current year	83	88
Corporation tax charge - adjustments in respect of prior years	(1)	1
	82	**89**
Deferred taxation		
Deferred tax charge - current year	(2)	(26)
Deferred tax charge - adjustments in respect of prior years	(242)	-
	(244)	**(26)**
Income tax (credit)/expense	**(162)**	**63**
Tax reconciliation		
Profit before tax	282	286
Tax at 23 25% (2012 24 5%)	66	70
Marginal relief	(1)	(1)
Effect of tax rate change	16	(7)
Prior period adjustments	(243)	1
Corporation tax (credit)/charge for the year	**(162)**	**63**

During the year 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 to 20% with effect from 1 April 2015 This will reduce the Company's future current tax charge accordingly

Notes to the financial statements

7. Property, plant and equipment

	Freehold property £000
Cost or valuation	
At 1 January 2012	4 400
At 31 December 2012	**4,400**
At 31 December 2013	**4,400**
Accumulated depreciation	
At 1 January 2012	(234)
Depreciation charge	(78)
At 31 December 2012	**(312)**
Depreciation charge	(78)
At 31 December 2013	**(390)**
Net book amount	
At 31 December 2012	**4,088**
At 31 December 2013	**4,010**

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 (2012 £0 5 million)

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

	2013 £000	restated* 2012 £000
Cost	4,832	4,832
Accumulated depreciation	(1 063)	(991)
Net book amount	**3,769**	**3,841**

* The historic cost disclosed in the prior year was £3,778,000, which understated the cost by £1 054,000 The prior year accumulated depreciation was also understated by £10,000 at £981 000

Notes to the financial statements

8. Other liabilities

	2013	2012
	£000	£000
Amounts due to the immediate parent company	1 780	2 222
	1,780	**2,222**

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

9 Deferred tax

The deferred tax assets and liabilities comprise

	2013	2012
	£000	£000
Unrealised surplus on revaluation of freehold property	-	(71)
Deferred tax liabilities	-	**(71)**

Unrealised surplus on revaluation of freehold property	173	-
Deferred tax assets	**173**	**-**

At 1 January	(71)	(97)
Income statement credit	18	19
Prior year adjustment	242	-
Tax rate change	(16)	7
Deferred tax assets / (liabilities) at 31 December	**173**	**(71)**

During the year 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 to 20% with effect from 1 April 2015 Deferred tax has been calculated based on the newly 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 shares	Ordinary shares
		£000
At 1 January and at 31 December 2013	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 2013 and 31 December 2012 was 2 with a par value of £1 per share (2012 £1 per share) All issued shares are fully paid

Notes to the financial statements

11 Related party transactions

Dunng the year the Company undertook the followmg transactions with other companies in the group headed by the ultimate parent company, Arbuthnot Bankıng Group PLC

	2013	2012
	£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 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 One Arleston Way, Solihull, West Midlands, 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 Arleston 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
J R Kaye FCIS
One Arleston Way
Solihull
West Midlands
B90 4LH
T 0121 693 9100
F 0121 693 9124

Advisers
Independent Auditor
KPMG Audit Plc
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

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