

**Secure Homes Services Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2019**

Registered Number 01404439

SECURE HOMES SERVICES LIMITED

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# Contents

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1	Directors' report
3	Statement of Directors' responsibilities
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
13	Corporate contacts & advisers

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# Directors' report

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The Directors present their report and the financial statements for the year ended 31 December 2019. The Directors have taken advantage of the small companies' exemption under section 414B of the Companies Act 2006 with regards to the preparation of a Strategic report. As such, no report has been prepared for the year ended 31 December 2019. Furthermore, the Directors have also taken advantage of the exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

## 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 £304,000 (2018: loss of £317,000) has been transferred to reserves. The Directors do not recommend the payment of a dividend for the year (2018: £nil).

## Directors serving during the year

N Kapur (resigned on 6 December 2019)

P A Lynam

J M Bowers (appointed as a director on 14 January 2020)

M P D Stevens was appointed as Company Secretary on 9 December 2019, and A Karter resigned as Company Secretary on 9 December 2019.

## Directors' interests

Of the Directors holding office at 31 December 2019 P A Lynam is also a director of Secure Trust Bank PLC, the ultimate and immediate parent company. Their interests in the share capital of that company are shown in the Directors' report of that company's 2019 annual report and accounts. During the year JM Bowers was granted the following shares under a long term incentive scheme:

	1 January 2019 Number	Granted during the year Number	31 December 2019 Number
J M Bowers			
2017 Long term incentive plan share scheme	7,226	6,389	13,615

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

## Third party indemnity provisions

The Directors of the Company have an insurance policy in place to provide them with indemnity cover. This policy was in force during the year and also at the date of approval of the financial statements.

## 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 principal risks and uncertainties of this business relate to the commercial freehold property environment and the impact of property valuation fluctuations. The Company's overall approach to managing internal control and financial reporting is described in Note 3.

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# Directors' report

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## **Going concern**

The ultimate parent company, Secure Trust Bank PLC has agreed that it will continue to provide the Company with financial and non-financial support for a period of at least 12 months from the date of approval of the financial statements. The Directors are satisfied that the ultimate parent company has the ability to provide financial support when necessary, and the Company is a key part of the Group's overall business activities. The Company was included as part of the Group's stress testing exercise in assessing the potential impact of COVID-19, covering capital and liquidity. Further details of this can be found on page 51 of Secure Trust Bank PLC Annual Report & Accounts. Secure Trust Bank PLC updated these assessments as at 30 June 2020, taking account of actual results to date and the passage of time, in order to demonstrate the continued adoption of the 'going concern' basis. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Approved by the Board and signed on its behalf

**M P D Stevens**

Secretary

30 September 2020

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# Statement of Directors' responsibilities

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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 International Financial Reporting Standards as adopted by the European Union (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 judgements and estimates that are reasonable and prudent
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- state whether they have been prepared in accordance with IFRSs as adopted by the EU
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

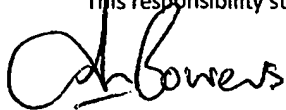
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole.

This responsibility statement was approved by the Board of Directors on 28 September 2020 and is signed on their behalf by:

  
J Bowers  
Director

30. Sept. 2020.

# Statement of comprehensive income

		Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
	Note		
Revenue		360	360
Revaluation of investment property	7	-	(554)
<b>Profit/(loss) before income tax</b>		<b>360</b>	<b>(194)</b>
Income tax expense	6	(56)	(123)
<b>Profit/(loss) for the year</b>		<b>304</b>	<b>(317)</b>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		304	(317)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		304	(317)

The Company has no recognised gains and losses other than those included in the results above hence a Statement of Other Comprehensive Income has not been prepared.

The Company's results above are from continuing operations.

*The notes on pages 8 to 12 are an integral part of these financial statements*

# Statement of financial position

		At 31 December	
	Note	2019 £000	2018 £000
<b>ASSETS</b>			
Investment property	7	3,900	3,900
Deferred tax assets	9	-	-
<b>Total assets</b>		<b>3,900</b>	<b>3,900</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Current tax liabilities		29	26
Other liabilities	8	2,099	2,406
<b>Total liabilities</b>		<b>2,128</b>	<b>2,432</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	10	-	-
Retained earnings		1,772	1,468
<b>Total equity</b>		<b>1,772</b>	<b>1,468</b>
<b>Total liabilities and equity</b>		<b>3,900</b>	<b>3,900</b>

For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 4 to 12 were approved by the Board of Directors on 28 September 2020 and were signed on its behalf by:



**J Bowers**  
Director

Company number: 01404439

30. Sept. 2020.

*The notes on pages 8 to 12 are an integral part of these financial statements*

# Statement of changes in equity

	Share capital £000	Retained earnings £000	Total £000
<b>Balance at 1 January 2018</b>	-	<b>1,785</b>	<b>1,785</b>
<b>Total comprehensive income for the period</b>			
Result for the year ended 31 December 2018	-	(317)	(317)
<b>Total comprehensive income for the period</b>	-	<b>(317)</b>	<b>(317)</b>
<b>Balance at 31 December 2018</b>	-	<b>1,468</b>	<b>1,468</b>
<b>Total comprehensive income for the period</b>			
Result for the year ended 31 December 2019	-	304	304
<b>Total comprehensive income for the period</b>	-	<b>304</b>	<b>304</b>
<b>Balance at 31 December 2019</b>	-	<b>1,772</b>	<b>1,772</b>

The notes on pages 8 to 12 are an integral part of these financial statements



# Statement of cash flows

		Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
	Note		
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		304	(317)
Adjustments for:			
Income tax expense		56	123
Loss on revaluation of investment property	7	-	554
Cash flows from operating profits before changes in operating assets and liabilities		360	360
Changes in operating assets and liabilities:			
- net decrease in other liabilities		(360)	(360)
<b>Net cash flow from operating activities</b>		-	-
<b>Net cash flow from investing activities</b>		-	-
<b>Net cash flow from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		-	-

The notes on pages 8 to 12 are an integral part of these financial statements

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# Notes to the financial statements

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## **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 private company limited by shares and incorporated and domiciled in England and Wales 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 Directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. Secure Trust Bank PLC has agreed to provide financial and other support to the Company for the foreseeable future to enable it to continue in operation. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

### **1.3 IFRS 16 Leases**

IFRS 16 'Leases', a new standard which replaces IAS 17 'Leases' and associated Interpretations, is effective for annual periods beginning on or after 1 January 2019. The new 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'). It replaces the previous leases standard, IAS 17 'Leases', and related interpretations.

As the Company is not a lessee under any leases, and lessor accounting remains unchanged from IAS 17, the new standard had no impact on the financial statements of the Company.

### **1.4 Revenue**

Under IFRS 15 'Revenue from contracts with customers' revenue is recognised when a performance obligation is satisfied by transferring the control of services over time. The Company's revenue relates to the subletting of its freehold premises.

### **1.5 Investment Property**

In accordance with IAS 40, investment property is initially measured at cost and subsequently at fair value. Valuation gains and losses in the period are recognised in the Income statement. The Company uses the fair value model for its freehold property, so no depreciation is provided.

### **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

## 1.7 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements and no key sources of material uncertainty that have any impact on either the financial result for the year or the Statement of financial position as at 31 December 2019. The valuation of the investment property represents a source of estimation uncertainty. The movement in the valuation in the year is set out in note 7.

## 2. Maturity analysis of assets and liabilities

The table below shows the undiscounted maturity analysis of the Company's assets and liabilities as at 31 December 2019:

	Due within one year £000	Due after more than one year £000	Total £000
<b>At 31 December 2019</b>			
<b>ASSETS</b>			
Investment property	-	3,900	3,900
<b>Total assets</b>	-	3,900	3,900
<b>LIABILITIES</b>			
Current tax liabilities	29	-	29
Other liabilities	2,099	-	2,099
<b>Total liabilities</b>	2,128	-	2,128

The table below shows the undiscounted maturity analysis of the Company's assets and liabilities as at 31 December 2018:

	Due within one year £000	Due after more than one year £000	Total £000
<b>At 31 December 2018</b>			
<b>ASSETS</b>			
Investment property	-	3,900	3,900
<b>Total assets</b>	-	3,900	3,900
<b>LIABILITIES</b>			
Current tax liabilities	26	-	26
Other liabilities	2,406	-	2,406
<b>Total liabilities</b>	2,432	-	2,432

## 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

The audit fees for 2018 (£3,000) were borne by the Company's immediate parent company Secure Trust Bank PLC, which made no recharge to the Company. The Directors have taken advantage of the exemption from audit under section 477 of the Companies Act 2006 relating to small companies, and therefore have not incurred audit fees for 2019.

# Notes to the financial statements

## 5. Employee information

The Company had no employees during 2019 (2018: 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

	2019 £000	2018 £000
Current taxation		
Corporation tax charge - current year	56	53
Corporation tax charge - adjustments in respect of prior years	-	-
	<b>56</b>	<b>53</b>
Deferred taxation		
Deferred tax charge - current year	-	70
	<b>-</b>	<b>70</b>
<b>Income tax expense</b>	<b>56</b>	<b>123</b>
Tax reconciliation		
Profit/(loss) before tax	360	(194)
Tax at 19.00% (2018: 19.00%)	68	(37)
Permanent adjustments	(12)	(15)
Tax effect on property revaluation	-	105
Prior period adjustments	-	70
<b>Income tax expense for the year</b>	<b>56</b>	<b>123</b>

The Government substantively enacted a reduction in the main rate of UK corporation tax from 20% to 19% (effective from 1 April 2017) and a further reduction to 17% (effective 1 April 2020). However, on 17 March 2020, the Government legislated to retain the current rate of 19%.

## 7. Investment Property

	Freehold property £000
At valuation	
At 1 January 2018	4,454
Revaluation of property	(554)
<b>At 31 December 2018</b>	<b>3,900</b>
Revaluation of property	-
<b>At 31 December 2019</b>	<b>3,900</b>

The Company's freehold property is the Registered Office of the Company, and is leased to Secure Trust Bank PLC on an arm's length basis.

The Directors assessed the fair value as being the same as the valuation at December 2018 performed by Knight Frank LLP.

The valuation basis is future rental yields and therefore changes in rental yields within the next 12 months could have a material impact on the property valuation.

# Notes to the financial statements

The Company measures fair value using the fair value hierarchy set out in IFRS 13 Fair Value Measurement. The investment property is measured as a level 2 asset, as inputs to the valuation are based on observable market data.

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

	2019	2018
	£000	£000
Cost	3,778	3,778
Accumulated depreciation	(1,511)	(1,435)
Net book amount	2,267	2,343

The historic cost at 31 December 2018 has been changed from £4,832,000 to £3,778,000, and accumulated depreciation changed from £1,441,000 to £1,435,000, as this better reflects the historic position.

## 8. Other liabilities

	2019	2018
	£000	£000
Amounts due to the immediate parent company	2,099	2,406
	2,099	2,406

Amounts due to the immediate parent company

Amounts due to the immediate parent company do not bear any interest, 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:

	2019	2018
	£000	£000
Unrealised deficit on revaluation of freehold property	-	-
Deferred tax assets	-	-
At 1 January	177	70
De-recognition of deferred tax asset	(177)	(70)
Deferred tax assets at 31 December	-	-

A deferred tax asset has not been recognised on the property valuation, as no immediate profits are expected to be realised in foreseeable future against which deferred tax asset can be utilised.

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.

# Notes to the financial statements

## 10. Share capital

	Ordinary shares Number	Share capital £000
At 31 December 2018 and at 31 December 2019	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 2019 and 31 December 2018 was 2 with a par value of £1 per share (2018: £1 per share). Both issued shares are fully paid.

## 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, Secure Trust Bank PLC:

	2019 £000	2018 £000
Secure Trust Bank PLC - building rental revenue in the year	360	360
	360	360

Amounts due to related companies are included in Note 8.

## 12. Immediate and ultimate parent company

The ultimate and 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. Post balance sheet event

The outbreak of COVID-19 and its impact on the global and UK economies is considered to be a non-adjusting event, as at the balance sheet date, the scale of the outbreak remained limited and therefore there was not sufficient information available to have caused changes to the assumptions applied to the financial position as at 31 December 2019. The full impact of the outbreak is currently uncertain and therefore the financial impact on the Company, which will depend upon the extent of the economic downturn, cannot be reliably estimated.

In assessing its viability, Secure Trust Bank PLC (as a group) undertook specific stress testing which considered the potential impact of the outbreak on profitability and liquidity levels. These tests considered two core scenarios, whereby the economy shows a significant fall in GDP and increase in unemployment prior to recovery. The more severe scenario assumed unemployment to peak at over 10%. The scenarios were subject to a range of sensitivities, including even higher unemployment rates and a more prolonged period of poor economic conditions prior to recovery. These assessments were updated as at 30 June 2020, taking account of actual results to date and the passage of time, in order to demonstrate the continued adoption of the 'going concern' basis. A consequence of this impact is that the Company will continue to be dependent on Secure Trust Bank PLC for liquidity. Secure Trust Bank PLC has the ability and has agreed to continue to provide financial and other support to the Company for the next 12 months to enable it to continue in operation.

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# Corporate contacts & advisers

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## **Secretary & Registered Office**

M P D Stevens  
One Arleston Way  
Solihull  
West Midlands  
B90 4LH  
T 0121 693 9100  
F 0121 693 9124c

## **Principal Banker**

Barclays Bank PLC  
38 Hagley Road  
Edgbaston  
Birmingham  
B16 8NY