

Secure Homes Services Limited
Annual report and financial statements
for the year ended 31 December 2018

Registered Number 01404439



Contents

1	Directors' report
3	Statement of Directors' responsibilities
4	Independent auditor's report
7	Statement of comprehensive income
8	Statement of financial position
9	Statement of changes in equity
10	Statement of cash flows
11	Notes to the financial statements
16	Corporate contacts & advisers

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2018. 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 2018.

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 7.

The loss for the year of £317,000 (2017: profit of £307,000) has been transferred to reserves. The Directors do not recommend the payment of a dividend for the year (2017: £nil).

Directors serving during the year

N Kapur

P A Lynam

Directors' interests

Of the Directors holding office at 31 December 2018 P A Lynam and N Kapur are both Directors 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 2018 annual report and accounts. 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.

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.

Directors' report

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.

Deloitte LLP was appointed as auditor at the Annual General Meeting held in 2018. Deloitte LLP, has expressed its willingness to accept reappointment. A resolution to reappoint Deloitte LLP will be proposed to the Board of Directors.

Approved by the Board and signed on its behalf



A J Karter

Secretary

9 May 2019

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 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, relevant and reliable
- 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 9 May 2019 and is signed on their behalf by:



N Kapur
Director

Independent auditor's report

to the members of Secure Homes Services Limited

Opinion

In our opinion the financial statements of Secure Homes Services Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income
- the statement of financial position
- the statement of changes in equity
- the statement of cash flows
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report

to the members of Secure Homes Services Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

We have nothing to report in respect of these matters.

Independent auditor's report

to the members of Secure Homes Services Limited

Use of our report

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.



Neil Reed, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor

Birmingham, United Kingdom
9 May 2019

Statement of comprehensive income

		Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
	Note		
Revenue		360	360
Revaluation of investment property	7	(554)	-
(Loss) / profit before income tax		(194)	360
Income tax expense	6	(123)	(53)
(Loss) / profit for the year		(317)	307
(Loss) / profit attributable to:			
Equity holders of the Company		(317)	307
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company		(317)	307

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 11 to 15 are an integral part of these financial statements

Statement of financial position

		At 31 December	
	Note	2018 £000	2017 £000
ASSETS			
Investment property	7	3,900	4,454
Deferred tax assets	9	-	70
Total assets		3,900	4,524
EQUITY AND LIABILITIES			
Liabilities			
Current tax liabilities		26	19
Other liabilities	8	2,406	2,720
Total liabilities		2,432	2,739
Equity attributable to owners of the parent			
Share capital	10	-	-
Retained earnings		1,468	1,785
Total equity		1,468	1,785
Total liabilities and equity		3,900	4,524

The financial statements on pages 7 to 15 were approved by the Board of Directors on 9 May 2019 and were signed on its behalf by:


N Kapur
 Director

Company number: 01404439

The notes on pages 11 to 15 are an integral part of these financial statements

Statement of changes in equity

	Share capital £000	Retained earnings £000	Total £000
Balance at 1 January 2017	-	1,478	1,478
Total comprehensive income for the period			
Result for the year ended 31 December 2017	-	307	307
Total comprehensive income for the period	-	307	307
Balance at 31 December 2017	-	1,785	1,785
Total comprehensive income for the period			
Result for the year ended 31 December 2018	-	(317)	(317)
Total comprehensive income for the period	-	(317)	(317)
Balance at 31 December 2018	-	1,468	1,468

The notes on pages 11 to 15 are an integral part of these financial statements

Statement of cash flows

		Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
	Note		
Cash flows from operating activities			
(Loss) / profit for the year		(317)	307
Adjustments for:			
Income tax (credit) / expense		123	53
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)
Net cash flow from operating activities		-	-
Net cash flow from investing activities		-	-
Net cash flow from financing 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 11 to 15 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 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 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.

IFRS 9 'Financial instruments', which is effective for the period beginning 1 January 2018, has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS15 'Revenue from contracts with customers' is effective for the period beginning 1 January 2018. The adoption of both standards has had no impact on either the financial result for the year or the Statement of financial position as at 31 December 2018.

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' has been issued, and endorsed by the EU, but is not yet effective. It is effective for annual periods beginning on or after 1 January 2019, and has not been adopted early.

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 does not have a material impact.

1.4 Revenue

Under IFRS 15 'Revenue from contracts with customers', which is applicable from 1 January 2018, 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.

Notes to the financial statements

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.

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 2018. 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 2018:

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

The table below shows the undiscounted maturity analysis of the Company's assets and liabilities as at 31 December 2017:

	Due within one year £000	Due after more than one year £000	Total £000
At 31 December 2017			
ASSETS			
Investment property	-	4,454	4,454
Deferred tax assets	-	70	70
Total assets	-	4,524	4,524
LIABILITIES			
Current tax liabilities	19	-	19
Other liabilities	2,720	-	2,720
Total liabilities	2,739	-	2,739

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.

Notes to the financial statements

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 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 £3,000 (2017: £5,253).

5. Employee information

The Company had no employees during 2018 (2017: 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

	2018 £000	2017 £000
Current taxation		
Corporation tax charge - current year	53	53
Corporation tax charge - adjustments in respect of prior years	-	(2)
	53	51
Deferred taxation		
Deferred tax charge - current year	70	2
	70	2
Income tax expense	123	53
Tax reconciliation		
(Loss) / profit before tax	(194)	360
Tax at 19.00% (2017: 19.25%)	(37)	69
Effect of tax rate change	-	3
Permanent adjustments	(15)	(17)
Tax effect on property revaluation	105	-
Prior period adjustments	70	(2)
Income tax expense for the year	123	53

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).

Notes to the financial statements

7. Investment Property

	Freehold property £000
At valuation	
At 1 January 2017	4,454
Revaluation of property	-
At 31 December 2017	4,454
Revaluation of property	(554)
At 31 December 2018	3,900

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 appointed Knight Frank, an independent chartered surveyor having recent experience in the location and category of the investment property being valued, to perform the property valuation as at 31 December 2018. Their work was performed in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards. As a result, a decrease in the fair value of freehold property of £554,000 (2017:£nil) has been recognised. The carrying value has been adjusted accordingly. The carrying value of freehold land is £0.5 million (2017: £0.5 million).

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.

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:

	2018 £000	2017 £000
Cost	4,832	4,832
Accumulated depreciation	(1,441)	(1,363)
Net book amount	3,391	3,469

8. Other liabilities

	2018 £000	2017 £000
Amounts due to the immediate parent company	2,406	2,720
	2,406	2,720

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.

Notes to the financial statements

9. Deferred tax assets

The deferred tax assets comprise:

	2018 £000	2017 £000
Unrealised deficit on revaluation of freehold property	-	70
Deferred tax assets	-	70
At 1 January	70	73
Tax rate change	-	(3)
De-recognition of deferred tax asset	(70)	-
Deferred tax assets at 31 December	-	70

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.

10. Share capital

	Ordinary shares Number	Share capital £000
At 31 December 2017 and at 31 December 2018	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 2018 and 31 December 2017 was 2 with a par value of £1 per share (2017: £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:

	2018 £000	2017 £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.

Corporate contacts & advisers

Secretary & Registered Office

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