

Secure Homes Services Limited
Annual report and financial statements
for the year ended 31 December 2021

Registered Number 01404439

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Directors' report

The Directors present their report and the financial statements for the year ended 31 December 2021. 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 2021. 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. The ultimate parent company board has assessed the Group's property portfolio, and as a result has determined that this property will be prepared for sale. Until this time it will continue to be rented to the ultimate parent company.

Results for the year

The Directors are satisfied with the performance of the Company during the year and do not envisage any significant change in the principal activity in the ensuing year. The Statement of Comprehensive Income is set out on page 4.

The profit for the year of £693,000 (2020: loss of £87,000) has been transferred to reserves. The profit for the year is due to the recognition of rental income of £360,000 and a revaluation of the investment property of £390,000. The Directors do not propose the payment of a dividend (2020: £nil).

Officers serving during the year and up until the date of signing

Directors

R M Lawrence

P A Lynam (resigned 5 January 2021)

J M Bowers

D A McCreadie (appointed 5 January 2021)

Secretary

M P D Stevens

Directors' interests

Of the Directors holding office at 31 December 2021 R M Lawrence and D A McCreadie were also 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 2021 annual report and accounts. The interests of the remaining directors and their connected persons in the parent Company's ordinary share as at 31 December 2021 are set out below.

	2021 2017 Long Term Incentive plan share scheme Number	2020 2017 Long Term Incentive plan share scheme Number
J M Bowers		
1 January	24,609	13,615
Granted during the year	10,622	14,286
Exercised during the year	(590)	(493)
Lapsed during the year	(3,344)	(2,799)
31 December	31,297	24,609

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

Directors' report

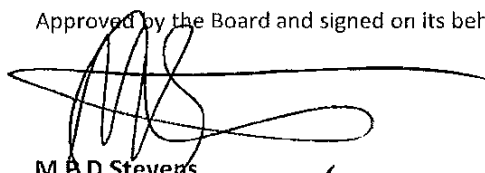
The Company regards the monitoring and controlling of risks as a fundamental part of the management process. Consequently, senior management are involved in the development of risk management policies and in monitoring their application. The principal risks and uncertainties of this business relate to 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 2.

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. The Group's stress testing exercise, covering capital and liquidity, demonstrated its ability to continue as a going concern. Further details of this can be found on pages 36 and 37 of Secure Trust Bank PLC's 2021 Annual Report and Accounts. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

As noted above, the Company's investment property will be prepared for sale. Until this time the property will continue to be rented to the ultimate parent company.

Approved by the Board and signed on its behalf



M P D Stevens

Secretary

21 September 2022

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 the directors are required to prepare the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with UK adopted International Financial Reporting Standards ('IFRSs'), as issued by the IASB.

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 UK adopted IFRSs as issued by the IASB
- 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.

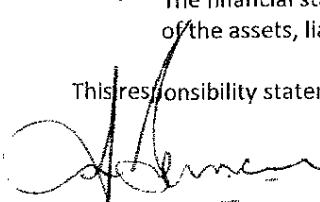
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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 UK adopted IFRS as issued by the IASB, 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 20 September 2022 and is signed on their behalf by:



J Bowers
Director

Statement of comprehensive income

		Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
	Note		
Revenue		360	360
Revaluation of investment property	5	390	(390)
Profit/(loss) before income tax		750	(30)
Income tax expense	4	(57)	(57)
Profit/(loss) for the year		693	(87)
Profit/(loss) attributable to:			
Equity holders of the Company		693	(87)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		693	(87)

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 11 are an integral part of these financial statements

Statement of financial position

		At 31 December	
	Note	2021 £000	2020 £000
ASSETS			
Investment property	5	3,900	3,510
Deferred tax assets	7	-	-
Total assets		3,900	3,510
EQUITY AND LIABILITIES			
Liabilities			
Current tax liabilities		29	58
Other liabilities	6	1,493	1,767
Total liabilities		1,522	1,825
Equity attributable to owners of the parent			
Share capital	8	-	-
Retained earnings		2,378	1,685
Total equity		2,378	1,685
Total liabilities and equity		3,900	3,510

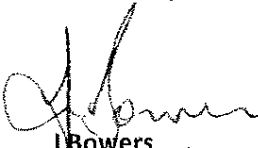
For the year ending 31 December 2021 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 11 were approved by the Board of Directors on 20 September 2022 and were signed on its behalf by:


J Bowers
Director

Company number: 01404439

The Notes on pages 8 to 11 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 2020	-	1,772	1,772
Total comprehensive income for the period			
Result for the year ended 31 December 2020	-	(87)	(87)
Total comprehensive income for the period	-	(87)	(87)
Balance at 31 December 2020	-	1,685	1,685
Total comprehensive income for the period			
Result for the year ended 31 December 2021	-	693	693
Total comprehensive income for the period	-	693	693
Balance at 31 December 2021	-	2,378	2,378

The Notes on pages 8 to 11 are an integral part of these financial statements

Statement of cash flows

		Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
	Note		
Cash flows from operating activities			
Profit/(loss) for the year		693	(87)
Adjustments for:			
Income tax expense	4	57	57
(Profit)/loss on revaluation of investment property	5	(390)	390
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 8 to 11 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, B90 4LH.

1.2 Basis of presentation

The Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards as issued by the IASB.

They have been prepared under the historical cost convention as modified by the valuation of investment properties. 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 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.

1.4 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.

1.5 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.

1.6 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements that have any impact on either the financial result for the year or the Statement of financial position as at 31 December 2021. The valuation of the investment property represents a source of material estimation uncertainty. The movement in the valuation in the year is set out in Note 5.

Notes to the financial statements

2. Financial risk management

Strategy

The Directors and senior management of the Company have formally adopted an Operational Risk Framework 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.

3. Operating expenses and employee information

The Company had no employees during 2021 (2020: 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.

The Company did not incur any expenses during the year (2020: £nil).

4. Income tax expense

	2021 £000	2020 £000
Current taxation		
Corporation tax charge - current year	57	57
Income tax expense	57	57
Tax reconciliation		
Profit/(loss) before tax	750	(30)
Tax at 19.00% (2020: 19.00%)	143	(6)
Permanent adjustments	(7)	(11)
Tax effect on property revaluation	(74)	74
Group relief	(5)	-
Income tax expense for the year	57	57

The government legislated on 10 June 2021 to increase the main corporation tax rate to 25% from 1 April 2023. The impact of this change is not expected to be material.

5. Investment Property

	Freehold property £000
At valuation	
At 1 January 2020	3,900
Revaluation of property	(390)
At 31 December 2020	3,510
Revaluation of property	390
At 31 December 2021	3,900

Notes to the financial statements

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 investment property is stated at fair value as at 31 December 2021 based on an external valuation performed by professionally qualified valuers Knight Frank LLP. This valuation has been undertaken in accordance with the current editions of RICS Valuation – Global Standards, which incorporate the International Valuations Standards, and the RICS UK National Supplement. The valuation was carried out using the comparative and investment methods, and were arrived at by reference to market evidence of the transaction prices paid for similar properties, together with evidence of demand within the vicinity of the subject properties. In estimating the fair value of the property, the valuers consider the highest and best use of the properties. Knight Frank LLP were paid a fixed fee for the valuations. Knight Frank LLP also undertakes some professional work in respect of the Group's Real Estate Finance business, although this is limited in relation to the activities of the Group as a whole. An increase in the fair value of investment property has been recognised and its carrying value has been adjusted accordingly. Movements in the fair value of investment property are recognised operating expenses in the income statement.

As at 31 December 2020, the Directors assessed the fair value based on inputs from property valuation experts, noting the limitations due to the impact of COVID-19 and limited market data. The valuation basis considered future rental yields and therefore changes in rental yields within the following 12 months could have had 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. As at December 2021, the investment property was measured as a level 2 asset, as inputs to the valuation were based on observable market data. As at December 2020, the investment property was measured as a level 3 asset, as inputs to the valuation were based on limited observable market data due to the impact of COVID-19 on availability of such data.

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

	2021 £000	2020 £000
Cost	3,778	3,778
Accumulated depreciation	(1,665)	(1,589)
Net book amount	2,113	2,189

6. Other liabilities

	2021 £000	2020 £000
Amounts due to the immediate parent company	1,493	1,767
	1,493	1,767

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.

7. Deferred tax assets

The deferred tax assets comprise:

	2021 £000	2020 £000
At 1 January	-	-
Deferred tax on property revaluation	(74)	74
De-recognition of deferred tax asset	74	(74)
Deferred tax assets at 31 December	-	-

Notes to the financial statements

8. Share Capital

	Ordinary shares Number	Share capital £000
At 31 December 2020 and at 31 December 2021	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 2021 and 31 December 2020 was 2 with a par value of £1 per share (2020: £1 per share). Both issued shares are fully paid.

9. Related party transactions

During the year the Company undertook the following transactions with the ultimate parent company, Secure Trust Bank PLC:

	2021 £000	2020 £000
Secure Trust Bank PLC - building rental revenue in the year	360	360
	360	360

Amounts due to related companies are included in Note 6.

10. Immediate and ultimate parent company

The immediate and ultimate parent company, Secure Trust Bank PLC, is the only company in the group that prepares consolidated financial statements. A copy of the financial statements of Secure Trust Bank PLC may be obtained from Secure Trust Bank PLC, One Arlestone Way, Solihull, B90 4LH.

Corporate contacts & advisers

Secretary & Registered Office

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

Principal Banker

Barclays Bank PLC
38 Hagley Road
Edgbaston
Birmingham
B16 8NY