STB Leasing Limited
Annual report and Financial Statements
For the year ended 31 December 2019

Registered Number 01648384

Contents

Directors' report

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 activities and business review

The principal activity of STB Leasing Limited ("the Company") during 2019 was the funding and operation of finance leases through a disclosed agency agreement with RentSmart Limited. Alongside this the Company is engaged in the provision of finance to ThinkSmart UK Limited which provides loans to its customers in relation to mobile phone rental agreements.

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

Results for the year

Loans and advances to customers have fallen during the year due to a decrease in activity. The profit for the year of £330,000 (2018: £609,000) 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 P A Lynam

J M Bowers was appointed as a director on 14 January 2020 and N Kapur resigned as a director on 6 December 2019. 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 J M Bowers was granted the following shares under a long term incentive scheme:

J M Bowers	1 January 2019 Number	Granted during the year Number	31 December 2019 Number
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 principal risks and uncertainties of this business relate to credit risk, market risk, liquidity risk, operational risk, conduct risk and regulatory risk. 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 general retail spending environment and consumers' propensity to borrow. The Company's overall approach to managing internal control and financial reporting is described in Note 4.

Directors' report

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

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 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

J Bowers
Director

30. Sept. 2020

Statement of comprehensive income

	Note	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Interest and similar income		472	687
Operating income		**472**	**687**
Operating expenses	5	-	-
Profit before income tax		472	687
Income tax expense	7	(142)	(78)
Profit for the year		**330**	**609**
Profit attributable to:			
Equity holders of the Company		330	609
Total comprehensive income attributable to:			
Equity holders of the Company		330	609

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 16 are an integral part of these financial statements

Statement of financial position

	Note	At 31 December 2019 £000	2018 £000
ASSETS			
Cash and cash equivalents		20	20
Loans and advances to customers	8	8,069	14,848
Other assets	9	84	-
Total assets		**8,173**	**14,868**
EQUITY AND LIABILITIES			
Liabilities			
Current tax liabilities		139	24
Other liabilities	10	2,078	9,218
Total liabilities		**2,217**	**9,242**
Equity attributable to the Company's equity holders			
Share capital	11	-	-
Retained earnings		5,956	5,626
Total equity		**5,956**	**5,626**
Total equity and liabilities		**8,089**	**14,868**

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 16 were approved by the Board of Directors on 28 September 2020 and were signed on its behalf by

J Bowers

J Bowers
Director

Company number: 01648384

30. Sept. 2020.

The notes on pages 8 to 16 are an integral part of these financial statements

Statement of changes in equity

	Share capital	Retained earnings	Total
	£000	£000	£000
Balance at 1 January 2018	**-**	**5,017**	**5,017**
Total comprehensive income for the period			
Profit for the year ended 31 December 2018	-	609	609
Total comprehensive income for the period	**-**	**609**	**609**
Balance at 31 December 2018	**-**	**5,626**	**5,626**
Total comprehensive income for the period			
Profit for the year ended 31 December 2019	-	330	330
Total comprehensive income for the period	**-**	**330**	**330**
Balance at 31 December 2019	**-**	**5,956**	**5,956**

The notes on pages 8 to 16 are an integral part of these financial statements

Statement of cash flows

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Cash flows from operating activities		
Profit for the year	330	609
Adjustments for:		
Income tax expense	142	78
Cash flows from operating profits before changes in operating assets and liabilities	472	687
Changes in operating assets and liabilities:		
- net decrease in loans and advances to customers	6,779	2,382
- net increase in other assets	(84)	-
- net decrease in other liabilities	(7,167)	(3,059)
Net cash flow from operating activities	-	10
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents	-	10
Cash and cash equivalents at 1 January	20	10
Cash and cash equivalents at 31 December	20	20

The notes on pages 8 to 16 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

STB Leasing Limited is a private company limited by shares and incorporated and domiciled in England and Wales in the United Kingdom. The registered address of STB Leasing 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 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.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

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.

1.3 IFRS 16 Leases

IFRS 16 'Leases' 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 company's financial statements.

1.4 Interest income

For all financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value and allocate interest income or expense. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset or
- the amortised cost of the financial liability.

In calculating the effective interest rate for financial instruments, other than assets that were credit impaired on initial recognition, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption penalty charges and broker commissions) and anticipated customer behaviour but does not consider future credit losses.

The calculation of the effective interest rate includes all fees received and paid that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial instrument.

The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

1.5 Financial assets
The Company classifies its financial assets at inception at amortised cost, as they fulfil the following criteria:

- the asset is held within a business model whose objective is to hold the asset to collect its contractual cash flows
- the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount

Although the credit risk of loans and receivables is borne by RentSmart Limited through the agency agreement, all other risks and rewards associated with these loans are borne by the Company.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount.

1.6 Leases
As a lessor:
The present value of the lease payments on assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

1.7 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

1.8 Impairment
The Company recognises loss allowances for Expected Credit Losses ("ECLs") on all financial assets carried at amortised cost, including lease receivables and loan commitments.

Credit loss allowances are measured as 12 month ECL, as it has been determined that the financial assets have low credit risk at the reporting date. A financial asset is considered to have low credit risk when its credit risk rating is equivalent to the widely understood definition of 'investment grade' assets. Such assets are classified as stage 1 assets.

The Company's loan book comprises finance leases through a disclosed agency agreement in place with RentSmart Limited, and other lending through a funding facility provided to ThinkSmart UK Limited.

Finance leases
Given the Company has no direct interaction with the ultimate customers of the finance leases through the disclosed agency agreement in place with RentSmart Limited, and Rentsmart provides the Company with cash collateral, from an impairment perspective the loan portfolio is viewed as a series of loans to RentSmart Limited. IFRS 9 contains an option to apply a simplified approach for instruments deemed to be low credit risk. For such instruments an entity is allowed to assume, at the reporting date, that no significant increases in credit risk have occurred and therefore recognise an allowance based on 12-month ECLs.

The application guidance of IFRS 9 states credit risk can be considered to be low if;

- the instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- adverse changes in economic and business conditions in the longer term, may but will not necessarily, reduce the ability of the borrower to fulfil its contractual obligations.

As an entity, RentSmart Limited meets all the conditions listed above, and therefore the Company applies the low credit risk option. The credit risk associated with the finance leases is retained by its partner, RentSmart Limited, who provide cash collateral as described in Note 10. As the collateral provided exceeds the 12 month ECL, the Company does not have any overall exposure to credit risk in relation to the finance lease lending.

Other lending
There is limited credit risk exposure in relation to the funding provided to ThinkSmart UK Limited and accordingly, on an ongoing basis, the Company assesses whether there is objective evidence that the ThinkSmart UK Limited financial asset is impaired. In assessing objective evidence of a loss event for other lending the Company considers the following factors:

- if any contractual repayment date has been missed
- Covenant breaches
- If the financial prospects of the borrower's customers deteriorates.

1.9 Dividends
Final dividends on ordinary shares are recognised in equity in the period in which they are approved by Shareholders. Interim dividends on ordinary shares are recognised in equity in the period in which they are paid.

1.10 Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs. Any amounts received over nominal value are recorded in the share premium account, net of direct issuance costs.

2. Critical accounting judgements and key sources of estimation uncertainty

2.1 Judgements
No critical judgements have been identified.

2.2 Key sources of estimation uncertainty
There are no estimations which, based on a reasonably possible change within the next 12 months, could have a material impact on the Company's financial results.

3. Maturity analysis of assets and liabilities

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

At 31 December 2019	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Cash and cash equivalents	20	-	20
Loans and advances to customers	4,891	3,178	8,069
Other assets	84	-	84
Total assets	**4,995**	**3,178**	**8,173**
LIABILITIES			
Current tax liabilities	139	-	139
Trade payables	78	-	78
Collateral	2,000	-	2,000
Total liabilities	**2,217**	-	**2,217**

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

At 31 December 2018 (restated)*	Due within one year £000	Due after more than one year £000	Total £000
ASSETS			
Cash and cash equivalents	20	-	20
Loans and advances to customers	5,901	8,947	14,848
Total assets	**5,921**	**8,947**	**14,868**
LIABILITIES			
Current tax liabilities	24	-	24
Trade payables	147	-	147
Collateral	1,892		1,892
Amounts due to the immediate parent company	7,179	-	7,179
Total liabilities	**9,242**	-	**9,242**

*See Note 10 for restatement

4 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.

(a) Credit risk

The Company has a limited exposure to credit risk, which is largely driven by risk of consumer impairment, and does not currently hold any material impairment provision. The Company primarily purchases assets which are leased to customers who rent equipment through the retail partnership with RentSmart Limited. RentSmart Limited retains the credit risk for all outstanding receivables on the rental agreements and the Company holds collateral from that company as noted in Note 10, to mitigate the Company's credit risk to RentSmart Limited. The ThinkSmart UK Limited funding facility, which provides consumer

Notes to the financial statements

hire agreements for smart phones, is subject to ongoing review and close management in line with the Company's credit risk policies. The level of impairment provision required in respect of the ThinkSmart UK Limited facility has been assessed as being immaterial.

Management assesses the potential concentration risk from geographic and individual loan concentration. Due to the nature of the Company's lending operations the Directors consider the lending operations of the Company to be well diversified.

(b) Market risk
Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements.

Currency risk
The Company has no exposures to foreign currencies.

Interest rate risk
Interest rate risk is the potential adverse impact on the Company's future cash flows from changes in interest rates and arises from the differing interest rate risk characteristics of the Company's assets and liabilities. In particular, fixed rate products expose the Company to the risk that a change in interest rates could cause a reduction in interest income relative to variable rate interest flows.

(c) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, or can only do so at excessive cost. The financial obligations at the balance sheet date are limited to amounts due from the immediate parent company, Secure Trust Bank PLC and collateral held from the agent RentSmart Limited. Financial obligations are regularly monitored by the Company.

(d) Operational risk
The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiatives and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by an internal audit function. The results of the internal audit reviews are discussed with the Company's senior management, with summaries submitted to the Group Audit Committee.

(e) Conduct risk
Conduct risk reflects the potential for customers (and the business) to suffer financial loss or other detriment through the actions and decisions made by the business and its staff.

Conduct risk is defined as the risk that the Company's products / services, and the way they are delivered, result in poor outcomes for customers or markets in which we operate, or harm to the Company. This could be as a direct result of poor or inappropriate execution of our business activities or behaviour from staff.

The Company takes a principles based approach which covers both regulated and unregulated activities.

(f) Regulatory risk
Regulatory risk is the risk that the Company fails to be compliant with all relevant regulatory requirements. This could occur if the Company failed to interpret, implement and embed processes and systems to address regulatory requirements, emerging risks, key focus areas and initiatives or deal properly with new laws and regulations. The Company seeks to manage regulatory risks through the Group-wide risk management framework in place within the parent company. The parent company Group

Notes to the financial statements

Compliance and Regulatory Risk Committee is responsible for reviewing and monitoring regulatory changes, and ensuring that appropriate actions are taken, and also reviewing and approving the compliance risk management framework.

5. Operating expenses

The Company had operating expenses of £nil in 2019 (2018: £nil).

The audit fees for 2018 were £4,000 and was borne by the 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.

6. Employee information

The Company had no employees during 2019 (2018: none). Directors' emoluments were paid by the immediate parent company Secure Trust Bank PLC which made no recharges to the Company for their services.

7. Income tax expense

	2019 £000	2018 £000
Current taxation		
Corporation tax charge - current year	90	78
Corporation tax charge - adjustments in respect of prior years	52	-
Income tax expense	142	78
Tax reconciliation		
Profit before tax	472	687
Tax at 19.00% (2018: 19.00%)	90	130
Permanent adjustments	-	(52)
Prior period adjustments	52	-
Income tax expense for the period	142	78

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%.

Notes to the financial statements

8. Loans and advances to customers

	2019	2018
	£000	£000
Gross loans and advances	8,069	14,848
	8,069	**14,848**

For a maturity profile of loans and advances to customers, refer to Note 3.

Loans and advances to customers include finance lease receivables as follows:	2019	2018
	£000	£000
Gross investment in finance lease receivables:		
- Less than 1 year	5,274	7,913
- Later than 1 year and no later than 5 years	3,499	5,829
	8,773	13,742
Unearned future finance income on finance leases	(1,705)	(2,964)
Net investment in finance leases	**7,068**	**10,778**
The net investment in finance leases may be analysed as follows:		
- Less than 1 year	3,890	5,630
- Later than 1 year and no later than 5 years	3,178	5,148
Net investment in finance leases	**7,068**	**10,778**
Other Lending	1,001	4,070
Gross loans and advances	**8,069**	**14,848**

The carrying amount of financial assets represents the Company's maximum exposure to credit risk.

Finance leases
Due to the arrangement with RentSmart Limited described in Note 4, the Company applies the low credit risk option available in IFRS 9 to the net investment in finance leases of £7,068,000 (2018: £10,778,000), and accordingly all loans and advances to customers fall into IFRS 9 stage 1. For an explanation of the criteria allowing application of the low credit risk option, see Note 1.8. The impairment provision required has been assessed as being immaterial.

Other lending
The table below summarises the impairment on other lending to ThinkSmart UK Limited of £1,001,000 (2018: £4,070,000) on an IFRS 9 basis:

	2019	2018
	£000	£000
Stage 1: Subject to 12 month ECL	0.6	1.6
Stage 2: Subject to lifetime ECL	-	-
Stage 3: Subject to lifetime ECL	-	-
Total provision	**0.6**	**1.6**

The impairment charge relating to ThinkSmart Limited is de-minimis, and therefore an impairment charge is not recognised. Furthermore, given there were no movements between the IFRS 9 stages, an opening to closing reconciliation for the impairment loss allowance has not been presented.

Notes to the financial statements

9. Other assets

	2019	2018
	£000	£000
Amounts due from the immediate parent company	84	-
	84	-

Amounts due from related companies
Amounts due from related companies do not bear any interest, have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial assets, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

10. Other liabilities

	2019	2018 (Restated)
	£000	£000
Trade payables	78	147
Amounts due to the immediate parent company	-	7,179
Collateral held	2,000	1,892
	2,078	9,218

Collateral
At 31 December 2019 the Company held collateral from RentSmart Limited of £2,000,000 (2018: £1,892,000). The Company buys assets which are then leased to customers of RentSmart and the Company pays RentSmart a commission, which is recognised within operating income as part of the effective interest rate. In return RentSmart will continue to operate the agreement, retain the credit risk and provide the Group with a collateral amount that is based upon the balance of customer receivables and expected new agreements during the following month.

The Company has reviewed its accounting treatment of the collateral held from Rentsmart Limited, and determined that it should be recognised as a financial liability, and has restated the table to reflect the change.

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.

11. Share capital

	Number of ordinary shares	Share capital
		£'000
At 1 January 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.

12. Related-party transactions

Amounts due to related companies are included in Note 9 and 10.

Notes to the financial statements

13. Commitments

Credit Commitments

At 31 December 2019 the Company had commitments of £22,001 to extend credit to customers (2018: £ 32,613).

14. 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 Arleston Way, Solihull, West Midlands, B90 4LH.

15. 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.

Corporate contacts & advisers

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