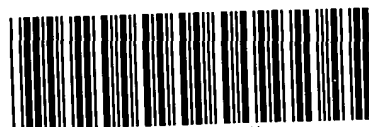


**NRAM Homes Limited**

**Annual Report and Financial Statements  
for the 12 months to 31 March 2016**

**Registered Number: 02306045**

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# **NRAM Homes Limited**

## **Directors' Report and Financial Statements for the 12 months to 31 March 2016**

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# **NRAM Homes Limited**

## **Company Information**

### **Directors**

Ian Hares

John Gornall

### **Secretary**

Claire Craigie

### **Registered office**

Croft Road

Crossflatts

Bingley

West Yorkshire

BD16 2UA

# **NRAM Homes Limited**

## **Strategic Report for the 12 months to 31 March 2016**

The Directors present the Strategic Report of NRAM Homes Limited (formerly Northern Rock Homes Limited) ('The Company'), for the 12 months to 31 March 2016. The Company is a private limited liability company incorporated and domiciled in the United Kingdom

### **Principal activities and business review**

The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 (the 'Act'). The Directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in section 414B and 415A of the Act.

The Company was incorporated in England and Wales and is a private limited company domiciled in England.

The principal activity of the company was the development of residential housing for sale. The main objectives of the company were to provide housing at low cost, mainly for first time buyers and to assist in the revitalisation of inner city housing stock. The Company has completed its activities in the development of residential projects, however it retains an interest in a small number of properties which it intends to dispose of in due course.

### **Future outlook**

At the present time the Directors do not foresee any changes in the Company's activities.

### **Risk management and control**

Financial risk is managed at group level and is discussed in the NRAM plc ('NRAM') (formerly Northern Rock (Asset Management) plc) group Financial Statements. Details of financial risk management within the Company are given in note 12.

# **NRAM Homes Limited**

## **Directors' Report for the 12 months to 31 March 2016**

The Directors present their report together with the audited Financial Statements of the Company for the 12 months to 31 March 2016.

### **Results**

The results for the year are shown in the Statement of Comprehensive Income on page 10. The profit after taxation was £192 (2015: £15,403 loss).

### **Dividends**

No dividends were paid in the year (2015: £2,090,774). The Directors do not recommend the payment of a final dividend for the year (2015: £nil).

### **Financial risk management objectives and policies**

Information regarding the financial risk management objectives and policies is given in note 12. A description of the principal risks to which the Company is exposed is provided on page 4.

### **Directors and their interests**

The Directors who served during the year and up to the date of signing the Financial Statements were as follows:

John Gornall

Ian Hares

The Directors did not hold any interest in the ordinary shares of the Company during the current or previous year. The Directors had no interest in the loan capital of B&B or any other interest in the share or loan capital of its subsidiaries.

### **Directors' indemnities**

The Company has provided both Mr Ian Hares and Mr John Gornall with a Deed of Indemnity, which constituted 'qualifying third party indemnity provision' in accordance with the provisions of the Companies Act 2006. The Deeds were in force during the financial year ended 31 March 2016 and remain in force as at the date of approval of the Director's report.

UKAR has also arranged Directors' and Officers' Insurance on behalf of the Director in accordance with the provisions of the Companies Act 2006.

# **NRAM Homes Limited**

## **Directors' Report for the 12 months to 31 March 2016 (continued)**

### **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 have prepared the Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. 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 year. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

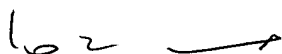
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

### **Independent auditors**

A resolution to appoint the National Audit Office as the Company's auditors will be obtained from the Company's shareholder following the resignation of PricewaterhouseCoopers LLP on the 19 September 2016.

On behalf of the Board



John Gornall  
Director  
19 September 2016

# **NRAM Homes Limited**

## **Independent auditors' report to the members of NRAM Homes Limited**

### **Report on the Financial Statements**

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#### **Our opinion**

In our opinion, NRAM Homes Limited's Financial Statements (the 'Financial Statements'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its result and cash flows for the year then ended;
  - have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

#### **What we have audited**

The Financial Statements, included within the Directors' Report and Financial Statements (the 'Annual Report'), comprise:

- the Balance Sheet as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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In our opinion, the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

#### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

# **NRAM Homes Limited**

## **Independent auditors' report to the members of NRAM Homes Limited**

(continued)

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you, if in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the Financial Statements and the audit**

#### **Our responsibilities and those of the Directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK&Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### **What an audit of Financial Statements involves**

We conducted our audit in accordance with ISAs (UK&Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

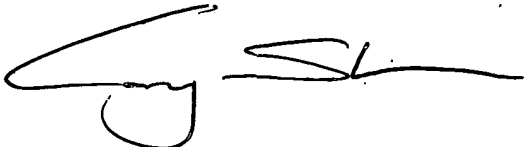


# **NRAM Homes Limited**

## **Independent auditors' report to the members of NRAM Homes Limited**

(continued)

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**Gary Shaw (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
19 September 2016

## **NRAM Homes Limited**

### **Statement of Comprehensive Income for the 12 months to 31 March 2016**

	Note	12 months to 31 Mar 2016 £	12 months to 31 Mar 2015 £
Impairment charge on Sharebuy properties		-	(19,254)
<b>Result/(Loss) before income tax</b>		-	(19,254)
Taxation	5	192	3,851
<b>Total comprehensive income/(expense) for the financial year attributable to owners of the parent company</b>		192	(15,403)

The notes on pages 14 to 21 form an integral part of these Financial Statements.

The results above arise from continuing activities.

# NRAM Homes Limited

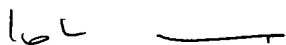
## Balance Sheet as at 31 March 2016

Registered Number: 02306045

	Note	At 31 March 2016 £	At 31 March 2015 £
<b>Assets</b>			
<b>Current assets</b>			
Deferred tax asset	6	-	3,851
Sharebuy properties	7	112,926	141,676
Other assets	8	132,793	100,000
<b>Total assets</b>		<b>245,719</b>	<b>245,527</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Ordinary shares	9	6	6
Retained earnings		245,713	245,521
<b>Total equity</b>		<b>245,719</b>	<b>245,527</b>

The notes on pages 14 to 21 form an integral part of these Financial Statements.

The Financial Statements on pages 10 to 21 were approved by the Board of Directors and authorised for issue on 19 September 2016 and signed on its behalf by:



John Gornall  
Director

# **NRAM Homes Limited**

## **Statement of Changes in Equity for the 12 months to 31 March 2016**

	Ordinary shares £	Retained earnings £	Total equity £
<b>Balance at 1 April 2015</b>	<b>6</b>	<b>245,521</b>	<b>245,527</b>
Total comprehensive income for the year	-	192	192
<b>Balance at 31 March 2016</b>	<b>6</b>	<b>245,713</b>	<b>245,719</b>

	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 April 2014	6	2,351,698	2,351,704
Total comprehensive expense for the year	-	(15,403)	(15,403)
Dividend	-	(2,090,774)	(2,090,774)
Balance at 31 March 2015	6	245,521	245,527

## **NRAM Homes Limited**

### **Cash Flow Statement for the 12 months to 31 March 2016**

During the current and previous year the Company had no cash flows. Consequently no Cash Flow Statement has been presented for either year.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2016**

NRAM Homes Limited is a private limited company incorporated and domiciled in the United Kingdom.

### **1 Principal 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 periods presented, unless otherwise stated.

#### **(a) Statement of compliance**

The Company's Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRS').

For these 2016 Financial Statements, including the 2015 comparative financial information where applicable, the Company has adopted the following statements for the first time:

- The Annual Improvements to IFRSs 2010-2012 Cycle, issued in December 2013. These changes are mandatory for the Company's Financial Statements for the year to 31 March 2016; these changes had no material impact on the Company.
- The Annual Improvements to IFRSs 2011-2013 Cycle, issued in December 2013. These changes are mandatory for the Company's Financial Statements for the year to 31 March 2016; these changes had no material impact on the Company.

For these 2016 Financial Statements the Company has not adopted the following statements; the Company is assessing the impacts of these statements on its Financial Statements:

- IFRS 9 'Financial Instruments'; in July 2014 the IASB published the final version (excluding macro-hedging), replacing most of the requirements of IAS 39. The IASB intends that IFRS 9 will be effective for annual periods beginning on or after 1 January 2018, but the timing of EU endorsement is yet to be determined. The Company is undertaking an assessment of these impacts.
- IFRS 15 'Revenue from Contracts with Customers', issued May 2014, effective for periods beginning on or after 1 January 2018, yet to be endorsed by the EU. No material impacts are expected for the Company.
- The Annual improvements to IFRS 2012-2014 Cycle, issued in September 2014. These changes are mandatory for the Company's Financial Statements for the year to 31 March 2017. No material impacts are expected for the Company.
- Amendments to IAS 12 'Income Taxes' relating to 'Recognition of Deferred Tax Assets for Unrealised Losses', issued in January 2016, effective for periods beginning on or after 1 January 2017 and yet to be endorsed by the EU. The Company is assessing the impacts of this statement.

All other new standards, amendments to standards and interpretations are not considered relevant to, and have no impact upon, the Financial Statements of the Company.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2016** (continued)

### **1 Principal accounting policies (continued)**

#### **(b) Basis of preparation (continued)**

The Financial Statements are prepared on the historical cost basis except for financial instruments classified as 'at fair value through profit or loss'.

The Financial Statements are presented in pounds sterling, which is the currency of the Company's primary operating environment, and on a going concern basis.

The Financial Statements have been prepared in accordance with EU adopted IFRS, IFRIC interpretations issued by the IFRS Interpretations Committee and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. A summary of accounting policies is set out below. The preparation of the Financial Statements in conformity with these accounting policies and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported values of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates (see note 2).

#### **(c) Sharebuy properties**

The Company's equity share of sharebuy properties represents freehold land and buildings and is included in the Balance Sheet at the lower of cost and net realisable value. Cost includes expenditure that is directly attributable to the acquisition of the items. No depreciation is charged in respect of sharebuy properties.

All Sharebuy properties are reviewed at each published Balance Sheet date for any indication of impairment. If there is indication of impairment, the carrying value is reviewed. If any impairment is identified, the asset is written down to the impaired value, being the higher of value in use and estimated net proceeds of sale, with the impairment being charged immediately to the Statement of Comprehensive Income.

#### **(d) Taxation**

##### **(i) Current tax**

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated arising from temporary differences between the carrying amounts of certain items for taxation and for accounting purposes.

##### **(ii) Deferred tax**

Deferred tax is calculated using the liability method, 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 substantively enacted by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2016 (continued)**

### **1 Principal accounting policies (continued)**

#### **(e) Financial instruments**

In accordance with IAS 39 each financial asset is classified at initial recognition into one of the following categories:

- (i) Financial assets at fair value through profit or loss; or
- (ii) Loans and receivables;

and each financial liability into one of two categories:

- (iii) Financial liabilities at fair value through profit or loss; or
- (iv) Other liabilities.

Measurement of financial instruments is either at amortised cost (categories (ii) and (iv) above) or at fair value (categories (i) and (iii) above), depending on the category of financial instrument. The Company does not carry any financial instruments at fair value.

### **2 Critical accounting judgements and estimates**

In preparation of the Company's Financial Statements judgements and estimates may be made which may affect the reported amounts of assets and liabilities; judgements and estimates are kept under continuous evaluation. Judgements and estimates are based on historical experience, expectations of future events and other factors. At 31 March 2016 there were no critical accounting judgements and estimates.



# NRAM Homes Limited

## Notes to the Financial Statements for the 12 months to 31 March 2016 (continued)

### 3 Auditors' remuneration

The audit fee of £500 (2015: £500) has been included in the overall audit fee for the NRAM group, which has been paid by NRAM. Details of the overall fee can be found in the NRAM Financial Statements.

### 4 Employees' and Directors' emoluments

There were no employees during the year (2015: None) and the Directors did not receive emoluments in respect of their services to the Company during the year (2015: £Nil).

### 5 Taxation

	At 31 March 2016 £	At 31 March 2015 £
<b>The income tax credit for the year comprises:</b>		
UK corporation tax on profits for the year	-	(3,851)
Adjustments in respect of prior years	(192)	-
<b>Income tax credit</b>	<b>(192)</b>	<b>(3,851)</b>

#### Factors affecting the tax expense in the year

The tax on the Company's profit before income tax differs to (2015: differs) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	At 31 March 2016 £	At 31 March 2015 £
<b>Result/(Loss) before income tax</b>	<b>-</b>	<b>(19,254)</b>
Tax thereon at 20% (2015: 21%)	-	(3,851)
Adjustments in respect of prior years	(192)	-
<b>Income tax credit</b>	<b>(192)</b>	<b>(3,851)</b>

### 6 Deferred tax asset

	At 31 March 2016 £	At 31 March 2015 £
Taxation value of losses carried forward	-	3,851

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2016** (continued)

### **7 Sharebuy properties**

	At 31 March 2016 £	At 31 March 2015 £
<b>Freehold land and buildings</b>		
<b>Cost</b>		
At beginning of year	141,676	160,930
Disposal	(28,750)	-
Impairment on Sharebuy properties	-	(19,254)
At end of year	112,926	141,676

Under the terms of the contracts with residents, the Company's interests in Sharebuy properties can only be realised when residents decide to sell the properties, or when residents exercise their option to increase their own equity share.

### **8 Other assets**

	At 31 March 2016 £	At 31 March 2015 £
Amounts owed by parent undertaking	132,793	100,000

Amounts owed by the parent undertaking are unsecured, do not carry any interest and are payable on demand.

### **9 Ordinary shares**

	At 31 March 2016 £	At 31 March 2015 £
<b>Authorised</b>		
1,000 (2015: 1,000) ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
6 (2015: 6) ordinary shares of £1 each	6	6

There is only one class of ordinary share which carries no right to fixed income.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2016** **(continued)**

### **10 Related party transactions**

	At 31 March 2016 £
<b>Amounts owed by NRAM:</b>	
Loans outstanding at 1 April 2015	100,000
Proceeds from Sharebuy property sale	28,750
Group relief	4,043
Loans outstanding at 31 March 2016	132,793

### **11 Financial instruments**

#### **(a) Categories of financial assets and financial liabilities: carrying value compared to fair value**

31 March 2016	Loans and receivables £	Total carrying value £	Fair value £
Other assets	132,793	132,793	132,793

31 March 2015	Loans and receivables £	Total carrying value £	Fair value £
Other assets	100,000	100,000	100,000

The carrying value of each financial asset and liability is considered to be a reasonable approximation of the fair value due to the short term maturity dates of these items.

As at 31 March 2016 none (2015: none) of the financial assets were past due or deemed to be impaired.

# NRAM Homes Limited

## Notes to the Financial Statements for the 12 months to 31 March 2016 (continued)

### 11 Financial instruments (continued)

#### (b) Fair value measurement

For financial assets and liabilities which are not carried at fair value, the fair values disclosed in note 11(a) are calculated on the following bases:

At 31 March 2016	Level 1	Level 2	Level 3	Total
	£	£	£	£
<b>Financial assets</b>				
Other receivables	-	132,793	-	132,793
<b>Total financial assets</b>	-	132,793	-	132,793

At 31 March 2015	Level 1	Level 2	Level 3	Total
	£	£	£	£
<b>Financial assets</b>				
Other receivables	-	100,000	-	100,000
<b>Total financial assets</b>	-	100,000	-	100,000

Level 2: Inputs for the asset or liability that are not based on observable market data or have significant unobservable inputs.

### 12 Financial risk management

The Company's exposure to credit risk, ie the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company, is the carrying value of the Company's other assets.

The Directors consider that the Company has no other material exposures to market risks.

### 13 Capital management

Capital is managed at group level. See NRAM Annual Report and Accounts for full details.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2016** (continued)

### **14 Ultimate parent undertaking**

The Company's immediate parent undertaking during the period under review was NRAM plc a company incorporated and domiciled in the United Kingdom. NRAM plc heads the smallest group of companies into which the Financial Statements of the Company are consolidated. Copies of the financial statements of NRAM plc may be obtained from the Company Secretary at Admiral House, Harlington Way, Fleet, Hampshire, GU51 4YA.

All shares in NRAM plc were transferred to the Treasury Solicitor as nominee for HM Treasury on 22 February 2008 as a result of The Northern Rock Transfer Order 2008. On 1 October 2010 all shares in NRAM plc were acquired via a share-for-share exchange by UK Asset Resolution Limited ('UKAR'), a private limited company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury. As such the company considers the UK Government to be the ultimate controlling party. The results of the UKAR Group are consolidated into those of HM Treasury as presented in HM Treasury's Annual Reports and Accounts.

### **15 Events after the reporting period**

On 29 April 2016, NRAM Limited became the parent company of NRAM plc as part of an inter-company reorganisation. On 30 April NRAM plc transferred certain assets and liabilities, including its investment in the Company, to NRAM Limited.