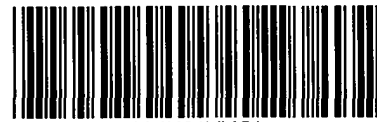


**NRAM Homes Limited**

**Annual Report and Financial Statements  
for the 12 months to 31 March 2015**

**Registered Number: 02306045**

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# **NRAM Homes Limited**

## **Directors' Report and Financial Statements for the 12 months to 31 March 2015**

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# **NRAM Homes Limited**

## **Company Information**

### **Directors**

Ian Hares

John Gornall (Appointed 30 June 2014)

Paul Hopkinson (Resigned 30 June 2014)

### **Secretary**

Claire Craigie (Appointed 30 June 2014)

John Gornall (Resigned 30 June 2014)

### **Registered office**

Croft Road

Crossflatts

Bingley

West Yorkshire

BD16 2UA

# **NRAM Homes Limited**

## **Strategic Report for the 12 months to 31 March 2015**

The Directors present the Strategic Report of NRAM Homes Limited (formerly Northern Rock Homes Limited) ('The Company'), for the 12 months to 31 March 2015. The Company is a private limited liability company incorporated and domiciled in the United Kingdom

These financial results are for the year to 31 March 2015. The previous financial results were for the 15 month period to 31 March 2014 ('15 months to March 2014') and therefore these are included as the comparative below. The Company's accounting reference date was changed from 31 December to 31 March to align to the year end of the Company's controlling party, HM Treasury.

### **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 2015**

The Directors present their report together with the audited Financial Statements of the Company for the 12 months to 31 March 2015.

### **Results**

The results for the year are shown in the Statement of Comprehensive Income on page 10. The loss after taxation was £15,403 (15 months to March 2014: profit £3,556).

### **Dividends**

A dividend of £2,090,774 was paid in the year to 31 March 2015 (15 months to March 2014: £nil). The Directors do not recommend the payment of a final dividend for the year to 31 March 2015 (2014: £nil).

### **Directors and their interests**

The Directors who served during the year were as follows:

John Gornall (Appointed 30 June 2014)

Ian Hares

Paul Hopkinson (Resigned 30 June 2014)

The Directors did not hold any interest in the ordinary shares of the Company during the year or the 15 months to March 2014. 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 2015 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.

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.

# **NRAM Homes Limited**

## **Directors' Report for the 12 months to 31 March 2015 (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**

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board



John Gornall  
Director  
22 September 2015

# **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 2015 and of its loss and cash flows for the year then ended;
  - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") 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 comprise:

- the Balance Sheet as at 31 March 2015;
- the Statement of Comprehensive Income 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 applicable law and IFRSs as adopted by the European Union.

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 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.

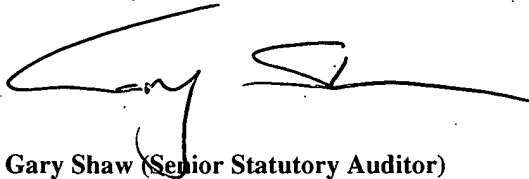
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.



# **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 Directors' 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  
22 September 2015

# **NRAM Homes Limited**

## **Statement of Comprehensive Income for the 12 months to 31 March 2015**

	Note	12 months to 31 March 2015 £	15 months to 31 March 2014 £
Impairment charge on Sharebuy properties		(19,254)	-
<b>(Loss)/Result before income tax</b>		<b>(19,254)</b>	<b>-</b>
Taxation	5	3,851	3,556
<b>Total comprehensive (expense)/income for the financial year/period attributable to owners of the parent company</b>		<b>(15,403)</b>	<b>3,556</b>

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

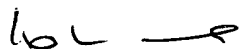
## Balance Sheet as at 31 March 2015

Registered Number: 02306045

	Note	At 31 March 2015 £	At 31 March 2014 £
<b>Assets</b>			
<b>Current assets</b>			
Deferred tax asset	6	3,851	-
Sharebuy properties	7	141,676	160,930
Other assets	8	100,000	2,190,774
<b>Total assets</b>		<b>245,527</b>	<b>2,351,704</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Ordinary shares	9	6	6
Retained earnings		245,521	2,351,698
<b>Total equity</b>		<b>245,527</b>	<b>2,351,704</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 22 September 2015 and signed on its behalf by:



John Gornall  
Director

# **NRAM Homes Limited**

## **Statement of Changes in Equity for the 12 months to 31 March 2015**

	Ordinary shares £	Retained earnings £	Total equity £
<b>Balance at 1 April 2014</b>	<b>6</b>	<b>2,351,698</b>	<b>2,351,704</b>
Total comprehensive expense for the year	-	(15,403)	(15,403)
Dividend	-	(2,090,774)	(2,090,774)
<b>Balance at 31 March 2015</b>	<b>6</b>	<b>245,521</b>	<b>254,527</b>

	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 January 2013	6	2,348,142	2,348,148
Total comprehensive income for the period	-	3,556	3,556
Balance at 31 March 2014	6	2,351,698	2,351,704

## **NRAM Homes Limited**

### **Cash Flow Statement for the 12 months to 31 March 2015**

During the financial year and the preceding financial period the Company had no cash flows. Consequently no Cash Flow Statement has been presented for either period.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2015**

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 2015 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'; on 24 July 2014 the IASB published the final version (excluding macro-hedging), replacing most of the guidance in 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 continues to monitor developments. IFRS 9 is expected to have major implications for the Company, in relation to impairment of loans to customers, hedging and which assets are carried at cost and which at fair value.
- 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. No material impacts are expected for 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. 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.

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.

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

The Financial Statements are prepared on the historical cost basis. 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 Directors consider that the accounting policies set out in this note are the most appropriate to the Company's circumstances, have been consistently applied by the Company in dealing with items which are considered material, and are supported by reasonable and prudent estimates and judgements.

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2015 (continued)**

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

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

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.

#### **(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.

# **NRAM Homes Limited**

## **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 2015 there were no critical accounting judgements and estimates.



# NRAM Homes Limited

## Notes to the Financial Statements for the 12 months to 31 March 2015 (continued)

### 3. Auditors' remuneration

The audit fee of £500 (2014: £468) 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 (15 months to March 2014: None) and the Directors did not receive emoluments in respect of their services to the Company during the year (15 months to March 2014: £Nil).

### 5. Taxation

	At 31 March 2015 £	At 31 March 2014 £
<b>The income tax credit for the year/period comprises:</b>		
UK corporation tax on profits for the year/period	(3,851)	-
Adjustments in respect of prior years	-	(3,556)
<b>Income tax expense/(credit)</b>	<b>(3,851)</b>	<b>(3,556)</b>

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

The tax on the Company's profit before income tax differs to (2014: differs) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	At 31 March 2015 £	At 31 March 2014 £
<b>(Loss)/Result before income tax</b>	<b>(15,403)</b>	<b>-</b>
Tax thereon at 21% (2014: 23.2%)	(3,851)	-
Adjustments in respect of prior years	-	(3,556)
<b>Income tax expense/(credit)</b>	<b>(3,851)</b>	<b>(3,556)</b>

### 6. Deferred tax asset

	At 31 March 2015 £	At 31 March 2014 £
Taxation value of losses carried forward	3,851	-

# **NRAM Homes Limited**

## **Notes to the Financial Statements for the 12 months to 31 March 2015 (continued)**

### **7. Sharebuy properties**

	At 31 March 2015 £	At 31 March 2014 £
<b>Freehold land and buildings</b>		
<b>Cost</b>		
At beginning of year/period	160,930	160,930
Impairment on Sharebuy properties	(19,254)	-
At end of year/period	141,676	160,930

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 2015 £	At 31 March 2014 £
Amounts owed by parent undertaking	100,000	2,190,774

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

### **9. Ordinary shares**

	At 31 March 2015 £	At 31 March 2014 £
<b>Authorised</b>		
1,000 (2014: 1,000) ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
6 (2014: 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 2015 (continued)**

### **10. Related party transactions**

	At 31 March 2015 £
<b>Amounts owed by NRAM:</b>	
Loans outstanding at 1 April 2014	2,190,774
Repayments	(2,090,774)
Loans outstanding at 31 March 2015	100,000
	At 31 March 2014 £
<b>Amounts owed by NRAM:</b>	
Loans outstanding at beginning and end of period	2,190,774

### **11. Financial instruments**

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

	Loans and receivables £	Total carrying value £	Fair value £
<b>31 March 2015</b>			
Other assets	100,000	100,000	100,000
	Loans and receivables £	Total carrying value £	Fair value £
<b>31 March 2014</b>			
Other assets	2,190,774	2,190,774	2,190,774

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 2015 none (31 March 2014: 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 2015 (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 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>				
Other receivables	-	100,000	-	100,000
<b>Total financial assets</b>	-	100,000	-	100,000

At 31 March 2014	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>				
Other receivables	-	2,190,774	-	2,190,774
<b>Total financial assets</b>	-	2,190,774	-	2,190,774

Level 3: 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 2015 (continued)**

### **14. Ultimate parent undertaking**

The Company's immediate parent undertaking is NRAM, a public limited company incorporated and domiciled in the United Kingdom. NRAM heads the smallest group of companies into which the Financial Statements of the Company are consolidated. Copies of the financial statements of NRAM may be obtained from the Company Secretary at Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA.

All shares in NRAM 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 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**

Two of the Sharebuy properties were sold after the year end resulting in a total loss on disposal of £7,750. No other events occurred after the reporting date that the Directors believe have a material impact on the Company.