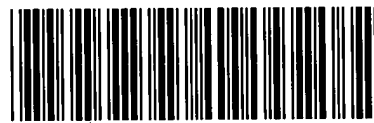


NRAM Homes Limited
Annual Report and Financial Statements

for the 12 months to 31 March 2021

Registered Number: 02306045

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NRAM Homes Limited

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NRAM Homes Limited

Company Information

Directors

Ian Hares
Claire Craigie
Mark Wouldhave

Secretary

Claire Craigie

Registered office

Croft Road
Crossflatts
Bingley
West Yorkshire
BD16 2UA

NRAM Homes Limited

Directors' Report for the 12 months to 31 March 2021

The Directors present their report together with the audited Financial Statements of NRAM Homes Limited ('the Company') for the 12 months to 31 March 2021. The Company is a wholly-owned subsidiary of NRAM Limited ('NRAM').

Principal activities and business review

The Company is excluded from the small companies reporting regime due to its being a member of an ineligible group as defined in section 384 of the Companies Act 2006 ('the Act'). However, as permitted by section 414B of the Act the Company has not presented a Strategic Report as it would otherwise meet the small company criteria in section 382 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 is to dispose of residual property interests in due course that were created as a result of historical activities to develop residential housing for sale.

Future outlook

In February 2021 UKAR agreed to sell the issued share capital of NRAM to Davidson Kempner. The change in ownership is expected to take place later in the year, subject to the receipt of regulatory approvals. The Company continues a process to dispose of all of its property interests with value; the timescale for completion of the process cannot be accurately determined at the approval date of these Financial Statements.

The Directors are satisfied at the time of approval of these Financial Statements that the Company has adequate resources to continue in business for the foreseeable future. Further discussion on the going concern basis of accounting can be found in note 1(b).

Following disposal of all of the Company's property interests with value it is the expectation of the Directors that the Company will be wound up.

Results

The results for the year are shown in the Statement of Comprehensive Income on page 11. The loss after taxation was £13,091 (2020: £30,311 profit).

Dividends

No dividends were paid in the year (2020: £nil). The Directors do not recommend the payment of a final dividend for the year (2020: £nil).

Financial risk management objectives and policies

Financial risk is managed at group level and is discussed on pages 8 to 10 of the NRAM Group financial statements for the year ended 31 March 2021. Information regarding the Company's financial risk management objectives and policies is given in note 14 to the Financial Statements.

NRAM Homes Limited

Directors' Report for the 12 months to 31 March 2021 (continued)

Directors and their interests

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

Ian Hares

Claire Craigie (appointed 1 January 2021)

Mark Wouldhave (appointed 1 April 2021)

John Gornall (resigned 1 January 2021)

Ian Hares and Mark Wouldhave are also directors of NRAM.

The Directors did not hold any interest in the ordinary shares of the Company during the current or previous year.

Directors' indemnities

The Company has provided Ian Hares, Claire Craigie, Mark Wouldhave and 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 2021, or from date of appointment, and remain in force as at the date of approval of this Director's Report. UKAR has also arranged Directors' and Officers' Insurance on behalf of the Directors in accordance with the provisions of the Companies Act 2006.

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 period. Under that law the Directors have prepared the Financial Statements in accordance with International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006. 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 accounting estimates that are reasonable and prudent;
- state whether applicable IAS in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis if it is presumed the Company will continue in business. As explained in note 1(b) to the Financial Statements the Directors are of the opinion that the cessation of the Company's trade in the foreseeable future is not sufficiently certain that the Financial Statements should be prepared on a basis other than that of a going concern, and hence the Financial Statements have been prepared on a going concern basis.

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.

NRAM Homes Limited

Directors' Report for the 12 months to 31 March 2021 (continued)


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

Following the completion of the sale of NRAM to Davidson Kempner, which is currently anticipated later in the year, the NAO will resign as the Company's auditors. This will be followed by a tender process to appoint new auditors.



On behalf of the Board
Ian Hares
Director
28 July 2021

NRAM Homes Limited

Independent auditor's report to the members of NRAM Homes Limited

Opinion on financial statements

I have audited the financial statements of NRAM Homes Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), and applicable law. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the NRAM Homes Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern

Without modifying my opinion, I draw attention to Note 1 (b) which indicates that the Directors intention for the Company is for the remaining property interests with value to be sold. This note also indicates that UK Asset Resolution Limited has entered into a contract which is expected to result in the sale of its 100% shareholding in NRAM Homes Limited's parent, NRAM Limited. There is therefore a material uncertainty that NRAM Homes Limited will continue to trade under either of these circumstances.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included

- enquiring of management of the timing of future plans to sell its remaining investments;
- enquiring of management of their awareness of Davidson Kempner's strategic plans with regards to NRAM Homes;
- considering NRAM Homes's ability to meet future obligations;
- reviewing NRAM Limited's letter of support to NRAM Homes to confirm funding for the period under assessment;
- assessing NRAM Limited's ability to repay its loan from NRAM Homes if required to do so; and
- reviewing Davidson Kempner's change of control application to the Financial Conduct Authority relating to the NRAM group.

NRAM Homes Limited

Independent auditor's report to the members of NRAM Homes Limited

(continued)

Through this work we confirmed management's assessment that cessation of trade was not sufficiently certain to mean that the going concern basis. Through our review of the financial position of NRAM Homes and its parent NRAM Limited, we were satisfied that NRAM Limited has sufficient resources both to repay its loan from NRAM Homes and also provide additional support in line with the letter of support (which extends for 22 months from the balance sheet date) if required and thus that NRAM Homes is able to meet its future obligations.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Directors' Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of NRAM Homes Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Directors' report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit.

NRAM Homes Limited

Independent auditor's report to the members of NRAM Homes Limited (continued)

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, Head of Internal Audit of the UK Asset Resolution Limited group and those charged with governance, including obtaining and reviewing supporting documentation relating to NRAM Homes Limited policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including NRAM Homes Limited's controls relating to Companies Act 2006 and tax legislation.
- discussing among the engagement team and involving relevant internal specialists, including property experts, on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition posting of unusual journals and bias in estimates relating to fair value of investment properties.
- obtaining an understanding of NRAM Homes Limited's framework of authority as well as other legal and regulatory frameworks that NRAM Homes Limited operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of NRAM Homes Limited. The key laws and regulations I considered in this context included Companies Act 2006 and tax legislation.

NRAM Homes Limited

Independent auditor's report to the members of NRAM Homes Limited

(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Board and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of the Board, and between the finance and property team; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Hilary Lower (Senior Statutory Auditor)

28 July 2021



For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

NRAM Homes Limited

Statement of Comprehensive Income for the 12 months to 31 March 2021

	Note	12 months to 31 Mar 2021 £	12 months to 31 Mar 2020 £
(Loss)/profit on disposal of Sharebuy properties	6	(16,500)	28,306
Rental income		121	990
Profit on disposal of other property interests	6	5,607	2,000
Legal and professional fees		(1,731)	(7,651)
Impairment credit on other receivables	8	446	7,136
(Loss)/profit before tax		(12,057)	30,781
Taxation	5	(1,034)	(470)
Total comprehensive (expense)/income for the financial year attributable to owners of the parent company		(13,091)	30,311

The notes on pages 15 to 26 form an integral part of these Financial Statements.

The results above arise from continuing activities.

NRAM Homes Limited

Balance Sheet as at 31 March 2021

Registered Number: 02306045

	Note	At 31 March 2021 £	At 31 March 2020 £
Assets			
Non-current assets			
Sharebuy properties	6	39,950	74,950
Total non-current assets		39,950	74,950
Current assets			
Other receivables	7	-	1,784
Corporation tax		116	1,151
Other assets	9	223,898	204,565
Total current assets		224,014	207,500
Total assets		263,964	282,450
Equity and liabilities			
Current liabilities			
Deferred income		-	248
Other liabilities	10	877	6,024
Total liabilities		877	6,272
Equity			
Ordinary shares	11	6	6
Retained earnings		263,081	276,172
Total equity		263,087	276,178
Total equity and liabilities		263,964	282,450

The notes on pages 15 to 26 form an integral part of these Financial Statements.

The Financial Statements on pages 11 to 26 were approved by the Board of Directors and authorised for issue on 28 July 2021 and signed on its behalf by:



Ian Hares
Director

NRAM Homes Limited

Statement of Changes in Equity for the 12 months to 31 March 2021

	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 April 2020	6	276,172	276,178
Total comprehensive expense for the year	-	(13,091)	(13,091)
Balance at 31 March 2021	6	263,081	263,087

For the 12 months to 31 March 2020

	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 April 2019	6	245,861	245,867
Total comprehensive income for the year	-	30,311	30,311
Balance at 31 March 2020	6	276,172	276,178

NRAM Homes Limited

Cash Flow Statement for the 12 months to 31 March 2021

The cash of the NRAM Group is held and managed by NRAM and the Company does not have a bank account of its own. Hence during the current and previous year the Company had no cash flows. Cash transactions made by NRAM on the Company's behalf are reflected in the intercompany balance. 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 2021

The Company 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 Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006. IAS comprises International Financial Reporting Standards prefixed IFRS issued by the International Accounting Standards Board ('IASB') and those prefixed IAS which were issued by the IASB's predecessor body, along with interpretations issued by the IFRS Interpretations Committee ('IFRIC') prefixed IFRIC and those prefixed SIC which were issued by the IFRIC's predecessor body.

There have been no significant changes to the Company's accounting policies since 31 March 2020.

All 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 validity of the going concern basis of accounting is dependent upon the funding position of the Company and on the Directors' expectations regarding the continuation of trading.

At 31 March 2021 the Company is reliant on NRAM, who provide banking facilities, making available, as required, the £223,898 that it holds on behalf of the Company. This balance does not carry any interest and is payable on demand.

On 26 February 2021 UKAR entered into a contract which is expected to result in the sale of its 100% shareholding in the Company's parent NRAM subject to approval by the FCA to Davidson Kempner later in the year.

The Company's cash is held by NRAM and is considered sufficient to meet all commitments over the next 12 months as they fall due. Following the sale of its loans, NRAM has sufficient cash to cover the Company's commitments as well as its own. The Directors therefore consider it appropriate to prepare these Financial Statements on a going concern basis.

The Company continues to monitor the impacts of the COVID-19 pandemic. The Directors do not consider that the pandemic will cause the Company to cease to be financially viable.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

1 Principal accounting policies (continued)

(b) Basis of preparation (continued)

IAS 1 'Presentation of Financial Statements' requires that financial statements not be prepared on a going concern basis where management intends to cease trading. The Directors intend that the Company's remaining property interests with value be sold and consider that there is a material uncertainty as to whether the Company will continue to trade following the asset sales. Whether the company continues to trade after NRAM has been sold is also uncertain. However, the Directors are of the opinion that the cessation of the Company's trade in the foreseeable future is not sufficiently certain that the Financial Statements should not be prepared on a going concern basis.

Hence the Financial Statements have been prepared on a going concern basis.

The Financial Statements have been prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006. 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 and long leasehold land and buildings. These are recognised as investment properties in accordance with IAS 40 'Investment Property' and included in the Balance Sheet in accordance with IAS 16 'Property, Plant and Equipment'. IAS 16 requires that subsequently these assets shall be carried at cost less any accumulated depreciation and any accumulated impairment losses, however, no depreciation is currently being charged in respect of Sharebuy properties as the residual value of the properties is expected to exceed the current carrying values.

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 2021 (continued)

1 Principal accounting policies (continued)

(e) Financial instruments

In accordance with IFRS 9 each financial asset is classified at initial recognition, or at the point of first adoption of IFRS 9, into one of three categories:

- (i) Financial assets at fair value through profit and loss ('FVP&L');
- (ii) Financial assets at fair value through other comprehensive income ('FVOCI'); or
- (iii) Financial assets at amortised cost;

and each financial liability into one of two categories:

- (iv) Financial liabilities at FVP&L; or
- (v) Financial liabilities at amortised cost.

The classification of each financial asset is determined by the business model for the asset and whether the cash flows on the asset are 'solely payments of principal and interest' ('SPPI').

The business model of the Company is one of hold to collect. All of the Company's financial assets and liabilities are carried at amortised cost.

(f) Impairment of financial assets

IFRS 9 requires that all financial assets are subject to impairment provisioning except those which are carried at FVP&L, and impairment charges/releases are taken through the Income Statement.

Under IFRS 9 each financial asset is categorised as 'stage 1', 'stage 2' or 'stage 3'. Stage 1 assets are those for which there has been no significant increase in credit risk since the asset's origination. Stage 2 assets are those for which there has been a significant increase in credit risk since the asset's origination but the asset is not in default. Stage 3 assets are those which are in default. Management have elected to use three months over due to represent default for receivables, which is in line with the 90 day presumption under IFRS 9.

In respect of stage 1, the impairment provision reflects the 12-month expected losses.

In respect of stage 2 and 3 assets, the impairment provision reflects full lifetime expected losses.

A receivable is written off and any associated impairment allowance released when and only when the collections process indicates the balance is not recoverable.

(g) Legal and professional fees

Legal and professional fees include legal costs and valuation fees incurred in relation to the Company's freehold and leasehold property interests.

(h) Rental income

Rental income consisted of ground rent due from the tenants of properties for which the Company held the freehold interest. The Company recognised this income on a straight-line basis in accordance with IFRS 16 'Leases'.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

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 and are based on historical experience, expectations of future events and other factors.

Judgements:

Carrying amount of Sharebuy properties

At 31 March 2021 the Directors consider that the carrying amount of the Sharebuy properties is not impaired; further detail is provided in note 6.

Going concern

As detailed in note 1(b), the Directors consider it appropriate to prepare these Financial Statements on a going concern basis. If the Financial Statements were prepared on a basis other than a going concern basis consideration would be required as to whether the carrying amounts of any assets should be impaired and whether any additional costs should be provided for.

Estimates:

Fair value of property interests

The estimation of the fair value of the Company's property interests are based on valuations provided by third party valuers as detailed in note 6. These valuations have been updated to reflect the impact of house price inflation from the date of valuation to the balance sheet date.

3 Auditor's remuneration

The audit fee of £10,000 (2020: £10,000) has been included in the overall audit fee for the NRAM group, and has been paid and borne by NRAM. Details of the overall fee can be found in NRAM's 2021 Annual Report and Accounts.

4 Employees' and Directors' emoluments

There were no employees during the year (2020: none) and the Directors did not receive emoluments in respect of their services to the Company during the year (2020: £nil).

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

5 Taxation

	12 months to 31 March 2021 £	12 months to 31 March 2020 £
The income tax (charge) comprises:		
UK corporation tax on (losses)/profits for the year	(1,034)	(470)
Income tax (charge)	(1,034)	(470)

The tax charge represents (8.6%) (2020: 1.5% charge) of the Company's (loss)/profit before tax.

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the standard weighted average rate of UK corporation tax of 19% (2020: 19%) as follows:

	12 months to 31 March 2021 £	12 months to 31 March 2020 £
(Loss)/profit before taxation	(12,057)	30,781
Tax calculated at rate of 19% (2020: 19%)	2,291	(5,848)
Effects of:		
- adjustments in respect of prior periods	(926)	-
- adjustment for items taxed under capital gains	(2,399)	5,378
Total taxation (charge) for the year	(1,034)	(470)

Taxation appropriately reflects changes in tax rates which have been substantively enacted by 31 March 2021.

The disposals of properties, along with associated costs, are treated for tax purposes as capital transactions and hence the capital loss on disposal during the year is not allowable to offset against the Company's other taxable profits.

The gain on the disposal of properties in 2019/20 did not give rise to a capital tax charge as indexation of the original property cost reduced the taxable gain to nil.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

6 Sharebuy properties

Freehold and long leasehold land and buildings	12 months to 31 March 2021 £	12 months to 31 March 2020 £
Cost		
At beginning of year	74,950	93,700
Disposal	(35,000)	(18,750)
At end of year	39,950	74,950

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.

As part of the strategy to sell the Company's assets, during the year the Company disposed of its freehold interest in a block. The Company also had an interest in two Sharebuy apartments within the block, the interest in the apartments passing with the ownership of the freehold. The freehold had been carried at £nil and the two Sharebuy properties had been carried at £35,000. Sale proceeds were £34,000 and the sale resulted in a loss on disposal of £16,500 due to costs of £15,500. The sale at a loss reflected that, other than by sale of the freehold, the Company could only have realised its investments in the Sharebuy properties when the residents sold them at a future time which was outside the influence of the Company. The sale proceeds were received into NRAM's bank account resulting in an increase in the receivable due from NRAM. Under the terms of the sale of the freehold, for a period of 10 years from the sale the Company is entitled to 50% of the proceeds of disposal of the two Sharebuy apartments if a resident sells the property or exercises their option to increase their own equity share. This entitlement is considered to be a contingent asset as defined in IAS 37 'Provisions Contingent Liabilities and Contingent Assets' and no asset is carried in respect of this entitlement.

The Directors have obtained professional third party valuations of the Sharebuy properties at a total of £89,044 (2020: £162,100). Consequently the Directors do not believe the Sharebuy properties show indication of impairment at 31 March 2021.

In addition to the remaining Sharebuy properties above, the Company has certain further property interests which are carried at their original cost of £nil. The Directors have obtained open market valuations for these, and believe the total fair value to be £15,012 (2020: £58,586). The Directors expect that the aggregate costs of sale of these property interests would significantly reduce any profit on sale. During the year the Company disposed of one property, with a carrying value of £nil. Sale proceeds were £11,650 and costs of disposal were £6,043, resulting in a profit on disposal of £5,607.

The valuations of the Sharebuy and other property interests were carried out between October 2018 and April 2020 by an external, Royal Institute of Chartered Surveyors registered valuer with the necessary expertise and experience to undertake the valuation. Where necessary, these valuations have been updated to reflect the impact of house price inflation from the date of valuation to the balance sheet date by the use of published indices; as a result the values disclosed as at the balance sheet date are subject to an element of uncertainty.

The Company received ground rent from the tenants of properties for which the Company held the freehold interest. As described above, the Company disposed of its freehold interest at which point it ceased to receive ground rent income.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

7 Other receivables

	At 31 March 2021 £	At 31 March 2020 £
Amounts due from tenants	-	5,352
	-	5,352
Impairment (see note 8)	-	(3,568)
	-	1,784

During the year, £2,230 of the outstanding amount due from tenants balance was received into NRAM's bank account, as part of the disposal of the freehold interest and Sharebuy properties (see note 6), resulting in an increase in the receivable due from NRAM. The remaining £3,122 balance and impairment were written-off resulting in a credit to the Income Statement of £446.

8 Impairment on other receivables

Allowances for expected credit losses (ECLs) against other receivables have been made as follows:

	2021 £	2020 £
At 1 April 2020	(3,568)	(10,704)
- loan impairment credit	446	7,136
- write-offs	3,122	-
Net movements during the year	3,568	7,136
At 31 March 2021	-	(3,568)

9 Other assets

	At 31 March 2021 £	At 31 March 2020 £
Amounts owed by parent undertaking	223,898	204,565

The cash of the NRAM Group is held and managed by NRAM and the Company does not have a bank account of its own. Hence the Company carries a receivable due from NRAM. Amounts owed by the parent undertaking are unsecured, do not carry any interest and are payable on demand. These amounts are classified as stage 1 as defined by IFRS 9. ECLs arising in the 12 months to 31 March 2021 are nil, and no provision has been made.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

10 Other liabilities

	At 31 March 2021 £	At 31 March 2020 £
Accruals	877	6,024

The accruals balance at 31 March 2021 relates to professional fees that were incurred during the year but were invoiced after the Balance Sheet date.

11 Ordinary shares

	At 31 March 2021 £	At 31 March 2020 £
Authorised		
1,000 (2020: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
6 (2020: 6) ordinary shares of £1 each	6	6

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

12 Related party transactions

	£
Amounts owed by NRAM (see note 9):	
Loan outstanding at 1 April 2020	204,565
Other property sale proceeds received	11,650
Amounts due from tenants received	2,230
Sharebuy property sale proceeds received	34,000
Legal and professional fees paid by NRAM	(28,420)
Ground rent paid	(127)
Loan outstanding at 31 March 2021	223,898

The audit fee of £10,000 (2020: £10,000) has been included in the overall audit fee for the NRAM group, and has been paid and borne by NRAM.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

13 Financial instruments

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

31 March 2021	Assets at amortised cost £	Total carrying value £	Fair value £
Other assets	223,898	223,898	223,898
Total financial assets	223,898	223,898	223,898

	Liabilities at amortised cost £	Total carrying value £	Fair value £
Other liabilities	877	877	877
Total financial liabilities	877	877	877

31 March 2020	Loans and receivables £	Total carrying value £	Fair value £
Other receivables	1,784	1,784	1,784
Other assets	204,565	204,565	204,565
Total financial assets	206,349	206,349	206,349

	Liabilities at amortised cost £	Total carrying value £	Fair value £
Other liabilities	6,024	6,024	6,024
Total financial liabilities	6,024	6,024	6,024

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 **(continued)**

13 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 13(a) are calculated on the following bases as defined by IFRS 13 'Fair Value Measurements':

At 31 March 2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Other assets	223,898	-	-	223,898
Total financial assets	223,898	-	-	223,898

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial liabilities				
Other liabilities	877	-	-	877
Total financial liabilities	877	-	-	877

At 31 March 2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Other receivables	-	-	1,784	1,784
Other assets	204,565	-	-	204,565
Total financial assets	204,565	-	1,784	206,349

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial liabilities				
Other liabilities	6,024	-	-	6,024
Total financial liabilities	6,024	-	-	6,024

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 3: Inputs for the asset or liability that are not based on observable market data, or have significant unobservable inputs. As detailed in note 2.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

13 Financial instruments (continued)

(b) Fair value measurement (continued)

Valuation methods for calculations of fair values in the table above are as follows:

Other receivables

The other receivables balance were repayable on demand. The carrying amount net of impairment provision represented management's best estimate of the probability-weighted recoverable amount. Therefore the carrying value represented management's best estimate of the fair value.

Other assets

Other assets, being amounts due from Group undertakings, are repayable on demand. Therefore the carrying value of these approximates to fair value.

Other liabilities

Other liabilities are short term in nature. Therefore the carrying value of these approximates to fair value.

14 Financial risk management

The Company's exposure to credit risk, i.e. 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 receivables and other assets. Details of impairment allowances against amounts due from tenants is provided in note 8.

The Directors consider that the Company has no other material exposures to market risks on its financial instruments.

15 Capital management

The Company's capital is represented by the capital and reserves attributable to owners of the parent. The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies. The Company manages its capital and reserves in order that there is sufficient capital to meet the needs of the Company in its operations.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2021 (continued)

16 Ultimate parent undertaking

NRAM, a private limited company incorporated and domiciled in the United Kingdom, is the Company's immediate parent undertaking. The Company's Financial Statements are consolidated into the Financial Statements of the NRAM Group. NRAM's immediate parent undertaking is UKAR, a private limited company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. NRAM's Financial Statements are consolidated into the Financial Statements of the UKAR Group. UKAR is wholly owned by the Treasury Solicitor as nominee for HM Treasury. The Company considers the UK Government to be its ultimate parent and controlling party. Copies of the Financial Statements of NRAM and UKAR may be obtained from the Company Secretary, P.O. Box 88, Croft Road, Crossflatts, Bingley BD16 2UA. The results of the UKAR Group are consolidated into the Annual Report and Accounts of HM Treasury which are available at www.gov.uk/government/publications. HM Treasury is domiciled in the United Kingdom and is located at 1 Horse Guards Road, London SW1A 2HQ.

On 26 February 2021 UKAR entered into a contract which is expected to result in the sale of its 100% shareholding in the Company's parent NRAM, subject to approval by the FCA, to Davidson Kempner later in the year.

17 Events after the reporting period

The Directors are of the opinion that there have been no significant events which have occurred since 31 March 2021 to the date of this report that are likely to have a material effect on the Company's financial position as disclosed in these Financial Statements.