

Northern Rock Financial Services Limited  
Directors' report and financial statements  
for the 18 months ended 31 December 2011

Registered number 02325239

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Northern Rock Financial Services Limited  
Directors' report and financial statements  
for the 18 months ended 31 December 2011  
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# **Northern Rock Financial Services Limited**

## **Directors and advisers**

### **Directors**

P M Hopkinson

P A McLelland

### **Company secretary**

J Shipley

### **Registered office**

Northern Rock House

Gosforth

Newcastle upon Tyne

NE3 4PL

### **Registered number**

02325239

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

# Northern Rock Financial Services Limited

## Directors' report for the 18 months ended 31 December 2011

The directors present their report and the unaudited financial statements of the company for the 18 months ended 31 December 2011. The company has changed its accounting reference date in the period from 30 June to 31 December.

### Principal activities

The company was incorporated in England and Wales and is a private limited company domiciled in England. The principal activity of the company was to provide independent financial advice to its customers. The company has not traded in the current or previous financial period and as a result no statement of comprehensive income has been prepared. As at the date of signing the financial statements the directors have not made any decisions regarding the future of the company.

### Post balance sheet events

Details of post balance sheet events are given in note 7 to the financial statements.

### Directors

The directors who held office during the period and up to the date of signing the financial statements were as follows:

Y Hall (Appointed 3 August 2010 and resigned 1 March 2011)

C T Greener (Resigned 1 November 2010)

P M Hopkinson (Appointed 1 November 2010)

P A McLelland (Appointed 1 March 2011)

### Financial risk management

Financial risk is managed at group level and is discussed in the Northern Rock (Asset Management) plc group financial statements. Details of financial risk management within Northern Rock Financial Services Limited are given in note 6.

### 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 Financial Reporting Standards (IFRSs) 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 period. In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 unless it is inappropriate to presume that the company will continue in business.

## Northern Rock Financial Services Limited

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.

By order of the board

A handwritten signature in black ink, appearing to read 'P M Hopkins', written in a cursive style.

P M Hopkins

**Director**

25 September 2012

# Northern Rock Financial Services Limited

## Balance sheet as at 31 December 2011

	Note	31 December 2011 £	30 June 2010 £
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	1	1,968,316	1,968,316
<b>Total assets</b>		<b>1,968,316</b>	<b>1,968,316</b>
<b>Equity</b>			
Ordinary shares	2	150,000	150,000
Retained earnings		1,818,316	1,818,316
<b>Total equity</b>		<b>1,968,316</b>	<b>1,968,316</b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The company has not traded during the current or previous financial period and has received no income and incurred no expenditure. Consequently the company made neither a profit nor a loss for the periods ended 31 December 2011 and 30 June 2010

The company does not operate a bank account. Instead all cash flows are made through the company's parent undertaking and entries recorded through inter-company accounts. Accordingly no cash flow statement has been presented

For the period ending 31 December 2011 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

### Directors' responsibilities

- The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the board of directors on 25 September 2012 and signed on their behalf by

  
P M Hopkinson  
Director

Northern Rock Financial Services Limited is registered in England and Wales under company number 02325239

# **Northern Rock Financial Services Limited**

## **Statement of accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. Accounting policies have been applied consistently to all the periods presented, unless otherwise stated.

### **Accounting convention**

The financial statements of Northern Rock Financial Services Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis and under the historical cost convention. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period, if applicable.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. No such estimates or assumptions have been made in the preparation of the financial statements of Northern Rock Financial Services Limited.

### **Other receivables**

Other receivables are measured at amortised cost.

### **Share capital**

Ordinary shares are classified as equity.

# Northern Rock Financial Services Limited

## Notes to the financial statements for the 18 months ended 31 December 2011

### 1 Other receivables

	31 December 2011 £	30 June 2010 £
Amounts owed by parent undertaking	1,968,316	1,968,316

Amounts owed by parent undertaking are unsecured, do not carry any interest and are payable on demand, but are not expected to be fully paid within the next 12 months

### 2 Ordinary shares

	31 December 2011 £	30 June 2010 £
<b>Authorised</b>		
500,000 ordinary shares of £1 each	500,000	500,000
<b>Allotted and fully paid</b>		
150,000 ordinary shares of £1 each	150,000	150,000

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

### 3 Directors' emoluments and employee information

None of the directors received any emoluments in respect of their services to the company during the period or in the previous period

The company has no employees other than the directors in the current or previous period

### 4 Ultimate parent undertaking

All shares in Northern Rock (Asset Management) 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 Northern Rock (Asset Management) plc were acquired via a share-for-share exchange by UK Asset Resolution Limited, 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 Her Majesty's Government to be the ultimate controlling party.



# Northern Rock Financial Services Limited

## 4 Ultimate parent undertaking (continued)

Northern Rock (Asset Management) plc is the parent company of the smallest group to consolidate the company's financial statements and UK Asset Resolution Limited is the parent company of the largest group to consolidate the company's financial statements. Copies of the group financial statements can be obtained from Northern Rock (Asset Management) plc, Northern Rock House, Gosforth, Newcastle upon Tyne, NE3 4PL

## 5 Related party transactions

	18 months ended 31 December 2011 £
<b>Amounts owed by Northern Rock (Asset Management) plc:</b>	
Loans outstanding at 1 July 2010 and 31 December 2011	1,968,316

	Year ended 30 June 2010 £
<b>Amounts owed by Northern Rock (Asset Management) plc:</b>	
Loans outstanding at 1 July 2009 and at 30 June 2010	1,968,316

## 6 Financial risk management

	Financial assets Loans and receivables £
Other receivables as at 1 July 2010 and at 31 December 2011	1,968,316

The carrying value of the financial assets above is considered to be a reasonable approximation of the fair value due to the short term maturity dates of these items

# **Northern Rock Financial Services Limited**

## **6 Financial risk management (continued)**

### **Market Risk**

Market risk is the risk that changes in the level of interest rates, the rate of exchange between currencies or the price of securities or other financial contracts, including derivatives, will have an adverse impact on the results and operations or financial condition of the company

Other receivables within Northern Rock Financial Services Limited comprise amounts owed by the parent undertaking, Northern Rock (Asset Management) plc. These loans do not carry any interest and are therefore not subject to market risk

### **Credit Risk**

The credit risk on amounts owed by the parent undertaking is mitigated by the ongoing financial support provided by HM Treasury. HM Treasury has confirmed that it is its intention to continue to fund Northern Rock (Asset Management) plc so as to maintain the company as a going concern and enable it to meet its debts as and when they fall due for until at least 1 October 2013

### **Liquidity Risk**

Liquidity risk represents the risk of being unable to pay liabilities as they fall due and arises from the mismatch in cash flows generated from current and expected assets, liabilities and derivatives

As at 31 December 2011 Northern Rock Financial Services Limited had no amounts payable

### **Capital management**

Capital is managed at group level. See Northern Rock (Asset Management) plc financial statements for full details

## **7 Events after the balance sheet date**

The directors are of the opinion that there have been no significant events which have occurred since 1 January 2012 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