

# **UKAR CORPORATE SERVICES LIMITED**

**Annual Report and Financial Statements**

**for the 12 months to 31 March 2016**

**Registered Number: 08578384**



# **UKAR Corporate Services Limited**

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

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# **UKAR Corporate Services Limited**

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

The Directors present their Annual Report and Financial Statements of UKAR Corporate Services Limited ('the Company') for the year to 31 March 2016.

### **Principal activities**

The Company's principal activity is to provide administrative support to the UK government's Help To Buy Schemes. Specifically, the Help to Buy: mortgage guarantee scheme and the Help to Buy: ISA.

The Help to Buy: mortgage guarantee scheme was launched on 8 October 2013. The Scheme aims to increase the supply of higher loan-to-value mortgages to credit-worthy borrowers by giving lenders the option to purchase a government guarantee on mortgage borrowings of between 80% and 95% of the property value. The Company is responsible for reviewing guarantee application documentation from lenders, processing claims (claim eligibility, loss assessment and payments), making any adjustments to claims as required by the Scheme rules and monitoring activity in the Scheme on behalf of HM Treasury.

Help to Buy: ISA was launched on 1 December 2015. The Scheme aims to support individuals saving to buy their first home. Subject to conditions, money saved into a Help to Buy: ISA is eligible for a government bonus of 25% of the closing balance up to a maximum of £3,000. The company is responsible for scheme administration and bonus payments.

Both Schemes are fully funded by HM Treasury and the Company's services are provided on a nil-gain nil-loss basis.

### **Controlling party**

The Company's immediate and ultimate parent undertaking is UK Asset Resolution Limited ('UKAR') a private limited company incorporated and domiciled in the United Kingdom, which is wholly owned by the Treasury Solicitor as nominee for HM Treasury.

The Company considers the UK Government to be its ultimate controlling party.

### **Review of the business**

During the year the Company successfully launched the Help to Buy: ISA. This involved the set-up of new systems, processes and the recruitment of a new team, in addition to the on-boarding of 17 participant ISA Managers.

### **Key Performance Indicators ('KPIs')**

All KPIs as set out in the Service Schedules agreed with HM Treasury were achieved during the year.

# **UKAR Corporate Services Limited**

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

### **Principal risks and uncertainties**

In the ordinary course of business the Company is exposed to and manages, a variety of risks, with credit risk being of particular significance. The Directors have responsibility for the overall system of internal control and for reviewing its effectiveness. Details of the Company's risk management and control are provided in note 10, and further discussion in the context of the UKAR Group as a whole is provided on pages 53 to 55 of that Group's 2016 Annual Report & Accounts, which do not form part of this Report and Financial Statements.

The Company's operations are subject to periodic review by the UKAR internal audit department.

On behalf of the board



**Ian Hares**

Director

13 September 2016

Registered office:

Croft Road

Crossflatts

Bingley

West Yorkshire

BD16 2UA

# **UKAR Corporate Services 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 year to 31 March 2016.

### **Dividends**

No dividends were paid during the year ended 31 March 2016 (2015: £nil) and the Directors do not recommend the payment of a final dividend.

### **Future outlook**

The Directors expect that during 2016 and 2017 the Company will continue to provide administrative support to the Scheme. At the present time the Directors do not foresee any changes in the Company's activities.

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

Information regarding the financial risk management objectives and policies is given in note 10. A description of the principal risks to which the Company is exposed is provided on page 4.

### **Corporate governance**

In 2013, UKAR was appointed by HM Treasury to be the administrator of the Scheme on its behalf. The administration of the Scheme is kept separate from UKAR's core responsibilities.

### **Directors**

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

Ian Hares (appointed 11 May 2016)

Robert Thackray (appointed 11 May 2016)

Richard Banks (resigned 5 June 2016)

Mathew Jackson (resigned 5 June 2016)

Mr Hares is a Director of UKAR.

### **Directors' indemnities**

The Company has provided both Mr Hares and Mr Thackray 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 Directors' Report.

The Deeds indemnify both Mr Hares and Mr Thackray to the fullest extent permitted by law against all losses suffered or incurred in respect of acts and omissions arising as a result of holding office. The indemnities also extend to the reimbursement of the costs of defending all claims, actions and proceedings including regulatory investigation arising out of or connected with the exercise of, or failure to exercise, any of their powers, duties or responsibilities as an officer, director, trustee, agent or employee of the Company and any of its subsidiaries. Reimbursement is subject to the Directors' obligation to repay the Company in accordance with the provisions of the Companies Act 2006.

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

# UKAR Corporate Services Limited

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

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 ('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 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 IFRS 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.

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 written 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 13 September 2016.

On behalf of the Board.



**Ian Hares**

Director

13 September 2016

# **UKAR Corporate Services Limited**

## **Independent auditors' report to the members of UKAR Corporate Services Limited**

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

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#### **Our opinion**

In our opinion, UKAR Corporate Services 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 ('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, included within the Annual Report and Financial Statement (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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Financial Statements.

# **UKAR Corporate Services Limited**

## **Independent auditors' report to the members of UKAR Corporate Services Limited (continued)**

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### **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.

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#### **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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#### **Corporate governance statement**

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the company. We have no exceptions to report arising from this responsibility.

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

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#### **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.



# **UKAR Corporate Services Limited**

## **Independent auditors' report to the members of UKAR Corporate Services Limited (continued)**

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

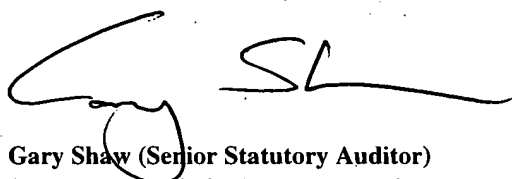
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error.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

In addition, we read all the financial and non-financial information in the Annual Report 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  
13 September 2016

# UKAR Corporate Services Limited

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

	Note	12 months to 31 Mar 2016 £000	12 months to 31 Mar 2015 £000
Fee income		5,501	3,082
Net fee income		5,501	3,082
Administrative expenses	3	(5,447)	(3,051)
Profit before taxation		54	31
Taxation	4	(54)	(31)
Result for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The results above arise from continuing activities.

The notes on pages 14 to 23 form an integral part of these Financial Statements.

# UKAR Corporate Services Limited

## Balance Sheet as at 31 March 2016

	Note	At 31 March 2016 £000	At 31 March 2015 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	5	5,801	3,081
<b>Total non-current assets</b>		<b>5,801</b>	<b>3,081</b>
<b>Current assets</b>			
Cash and cash equivalents		20,261	1,975
Other assets		42	-
<b>Total current assets</b>		<b>20,303</b>	<b>1,975</b>
<b>Total assets</b>		<b>26,104</b>	<b>5,056</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts owed to Group undertakings	6	227	130
Current tax liabilities		54	31
Other liabilities	7	25,823	4,895
<b>Total current liabilities</b>		<b>26,104</b>	<b>5,056</b>
<b>Total liabilities</b>		<b>26,104</b>	<b>5,056</b>
<b>Equity</b>			
<b>Issued capital attributable to owners of the parent:</b>			
Share capital	12	-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>26,104</b>	<b>5,056</b>

The notes on pages 14 to 23 form an integral part of these Financial Statements. The Financial Statements on page 10 to 23 were approved by the Board of Directors on 13 September 2016 and signed on its behalf by:

  
**Ian Hares**  
**Director**

13 September 2016

UKAR Corporate Services Limited is registered in England and Wales under Company Number 08578384.

# UKAR Corporate Services Limited

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

For the 12 months to 31 March 2016

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2015	-	-	-
Total comprehensive result for the year	-	-	-
Balance at 31 March 2016	-	-	-

For the 12 months to 31 March 2015

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2014	-	-	-
Total comprehensive result for the year	-	-	-
Balance at 31 March 2015	-	-	-

# UKAR Corporate Services Limited

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

	12 months to 31 Mar 2016 £000	12 months to 31 Mar 2015 £000
<b>Cash flows from operating activities:</b>		
Profit before taxation for the year	54	31
<i>Adjustments to reconcile profit to cash from operating activities:</i>		
- amortisation	768	639
<b>Net cash flows generated from operating activities before changes in operating assets and liabilities</b>	<b>822</b>	<b>670</b>
Net increase in operating assets		
- other assets	(42)	-
Net increase/(decrease) in operating liabilities:		
- amounts owed to Group undertakings	97	(145)
- other liabilities	20,928	457
Tax paid	(31)	(18)
<b>Net cash generated from operating activities</b>	<b>21,774</b>	<b>964</b>
<b>Cash flows used in investing activities</b>		
- purchase of intangible assets	(3,488)	(1,963)
<b>Net cash used in investing activities</b>	<b>(3,488)</b>	<b>(1,963)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,286</b>	<b>(999)</b>
Cash and cash equivalents at beginning of year	1,975	2,974
<b>Cash and cash equivalents at end of year</b>	<b>20,261</b>	<b>1,975</b>

# UKAR Corporate Services Limited

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

### 1 Principal accounting policies

The Company is a private limited company incorporated and domiciled in the United Kingdom.

#### (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.
- 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.

#### (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.

# UKAR Corporate Services 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 have been prepared in accordance with EU adopted IFRS, 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) Revenue recognition

Fee income comprises administrative support services provided to HM Treasury, and is accounted for on an accruals basis as the services are performed.

#### (d) Amounts owed to Group undertakings

Amounts owed to Group undertakings are categorised as loans and receivables.

#### (e) Cash and cash equivalents

Cash and cash equivalents comprise balances which are highly liquid and have an original maturity of three months or less.

#### (f) 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.

#### (g) Intangible assets

Intangible assets comprise capitalised computer software systems and licences. Purchased computer software licences are capitalised as intangible assets where it is probable that future benefits will flow to the Group. Thereafter they are carried at cost less accumulated amortisation. Amortisation is provided on a straight line basis over their useful economic lives which may be up to five years. Those which have a life expectancy at the outset of less than two years are not capitalised but instead their costs are charged to the Income Statement as they arise.

Costs that are directly associated with developing identifiable computer software systems are capitalised if the criteria in IAS 38 'Intangible Assets' are satisfied; the main criteria are that the successful completion of the development project is reasonably certain and that the software is expected to generate future economic benefits. Each item of capitalised developed computer software is carried at cost less accumulated amortisation; amortisation is provided on a straight line basis over its estimated useful life. Costs that do not qualify for capitalisation or are associated with maintaining software are charged to the Income Statement as they arise.

# UKAR Corporate Services Limited

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

### 1 Principal accounting policies (continued)

#### (g) Intangible assets (continued)

Intangible assets in the course of construction are not amortised until they have been completed. The costs of financing intangible assets in the course of construction are not included in the costs of the assets. Intangible assets in the course of construction are included in the impairment test referred to below where appropriate.

All items of intangible assets 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 Income Statement. In addition, the estimated useful lives are also reassessed annually and if they are judged to have changed then the rate of amortisation charged in periods after the date of the change reflects the revised estimates.

#### (h) 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.

Amortised cost is the amount measured at initial recognition, adjusted for subsequent principal and other payments, less cumulative amortisation calculated using the EIR method; the amortisation is taken to interest income or expense depending on whether the instrument is an asset or a liability. For assets, the amortised cost balance is reduced where appropriate by an allowance for amounts which are considered to be impaired or uncollectible. The loans to Group undertakings will not become impaired unless the mortgages in the pool become impaired to the extent that all credit enhancement is used up.

IFRS 13 'Fair Value Measurement' defines 'fair value' as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Where an active market is considered to exist, fair values are based on quoted prices or lead manager prices. For instruments which do not have active markets, fair value is calculated using discounted cash flows, applying independently sourced market parameters including interest rates and currency rates.

### 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. The Directors are of the opinion that the intangible fixed assets are not impaired. At 31 March 2016 and 31 March 2015 there were no other critical accounting judgements and estimates.



# UKAR Corporate Services Limited

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

### 3 Administrative expenses

The Company had no employees during the year and none of the Directors received emoluments in respect of their services to the Company. Services were provided to the Company by employees of Bradford and Bingley plc ('B&B') a fellow subsidiary of UKAR. Employee costs recharged by B&B are shown below as 'recharged staff costs'.

	12 months to 31 Mar 2016 £000	12 months to 31 Mar 2015 £000
Recharged staff costs	1,126	821
Temporary staff costs	917	132
IT costs	961	450
Outsourced and professional services	1,221	850
Auditors' remuneration	25	25
Amortisation	768	639
Other administrative expenses	429	134
<b>Total administrative expenses</b>	<b>5,447</b>	<b>3,051</b>

### 4 Taxation

The taxation charge relates to the profit for the year as follows:

	12 months to 31 Mar 2016 £000	12 months to 31 Mar 2015 £000
Profit before taxation	54	31
UK Corporation tax at 20% (2015: 21%)	(11)	(7)
Effects of:		
- expenses not deductible for tax purposes	(43)	(24)
Total taxation charge per the Statement of Comprehensive Income	(54)	(31)

There was no unprovided deferred tax at 31 March 2016 (2015: nil).

# UKAR Corporate Services Limited

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

### 5 Intangible assets

	£000
<b>Cost</b>	
At 1 April 2015	3,880
Additions	3,488
At 31 March 2016	7,368
<b>Accumulated amortisation</b>	
At 1 April 2015	799
Amortisation charged in the year	768
At 31 March 2016	1,567
<b>Net book value:</b>	
At 31 March 2016	5,801
At 31 March 2015	3,081

### 6 Amounts owed to Group undertakings

	At 31 Mar 2016 £000	At 31 Mar 2015 £000
Amounts owed to B&B	227	130

### 7 Other liabilities

	At 31 Mar 2016 £000	At 31 Mar 2015 £000
Deferred income	5,859	3,212
Accruals	4,072	871
Amounts owed to HM Treasury	15,892	812
<b>Total</b>	<b>25,823</b>	<b>4,895</b>

# UKAR Corporate Services Limited

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

### 8 Related party disclosures

The Company considers the Directors to be the key management personnel. The Company made no payments to the Directors during the year (2015: nil).

#### (a) HM Treasury

As described in note 13, the Company considers the UK Government to be its ultimate controlling party. The Company's material balances with departments and bodies of the UK Government comprise amounts owed to HM Treasury (see note 7).

Fee income during the year amounted to £5,501,000 (2015: £3,082,000).

#### (b) B&B

The Company's material balances with B&B comprise amounts owed to Group undertakings (see note 6). The Company was recharged staff costs of £1,126,000 (2015: £821,000) during the year by B&B (see note 3).

### 9 Financial instruments

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

The following table summarises the carrying amounts and fair values of financial assets and liabilities. Assets are generally presented at bid prices, whereas offer prices are used for liabilities. The accounting policy note 1(h) sets out the key principles used for estimating the fair values of financial instruments. This note provides some additional information in respect of the methodologies used.

At 31 March 2016	Assets at fair value through profit or loss	Loans and receivables	Total carrying value	Fair value
	£000	£000	£000	£000
<b>Financial assets</b>				
Cash and cash equivalents	-	20,261	20,261	20,261
<b>Total financial assets</b>	-	20,261	20,261	20,261
	Liabilities at fair value through profit or loss	Liabilities measured at amortised cost	Total carrying value	Fair value
	£000	£000	£000	£000
<b>Financial liabilities</b>				
Amounts due to Group undertakings	-	227	227	227
Accruals	-	4,072	4,072	4,072
Amounts owed to HM Treasury	-	15,892	15,892	15,892
<b>Total financial liabilities</b>	-	20,191	20,191	20,191

# UKAR Corporate Services Limited

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

### 9 Financial instruments (continued)

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

At 31 March 2015

	Assets at fair value through profit or loss £000	Loans and receivables £000	Total carrying value £000	Fair value £000
Financial assets				
Cash and cash equivalents	-	1,975	1,975	1,975
Total financial assets	-	1,975	1,975	1,975

	Liabilities at fair value through profit or loss £000	Liabilities measured at amortised cost £000	Total carrying value £000	Fair value £000
Financial liabilities				
Amounts due to Group undertakings	-	130	130	130
Accruals	-	871	871	871
Amounts owed to HM Treasury	-	812	812	812
Total financial liabilities	-	1,813	1,813	1,813

No financial assets or liabilities were reclassified during the year between amortised cost and fair value categories.

Valuations methods for calculations of fair values in the table above are set out in note 9 (b).

# UKAR Corporate Services Limited

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

### 9 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 9(a) are calculated on the following bases:

At 31 March 2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>				
Cash and cash equivalents	20,261	-	-	20,261
<b>Financial liabilities</b>				
Amounts owed to Group undertakings	227	-	-	227
Accruals	4,072	-	-	4,072
Amounts owed to HM Treasury	15,892	-	-	15,892
	20,191	-	-	20,191
<b>At 31 March 2015</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Financial assets</b>				
Cash and cash equivalents	1,975	-	-	1,975
<b>Financial liabilities</b>				
Amounts owed to Group undertakings	130	-	-	130
Accruals	871	-	-	871
Amounts owed to HM Treasury	812	-	-	812
	1,813	-	-	1,813

# UKAR Corporate Services Limited

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

### 9 Financial instruments (continued)

#### (b) Fair value measurement (continued)

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

##### *Cash and cash equivalents*

Fair value is estimated by using discounted cash flows applying either market rates where practicable or rates offered by other financial institutions for accounts with similar characteristics.

##### *Amounts owed to Group undertakings*

Amounts owed to Group undertakings are held in sterling and are at variable rates of interest. Therefore the carrying value of these is approximate to fair value.

##### *Other financial liabilities*

Fair value approximates to carrying value because the balances are short term in nature.

#### (c) Offsetting

No financial assets have been offset against financial liabilities.

### 10 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 cash and cash equivalents and other assets.

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

### 11 Capital structure

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.

### 12 Share capital

	At 31 Mar 2016 Number	At 31 Mar 2016 £	At 31 Mar 2015 Number	At 31 Mar 2015 £
<b>Authorised</b>				
Ordinary shares of £1 each				
At beginning and end of year	2	2	2	2
<b>Issued and fully paid</b>				
Ordinary shares of £1 each fully paid	2	2	2	2

The shares rank equally in respect of rights attaching to voting, dividends and in the event of a winding up.

# **UKAR Corporate Services Limited**

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

### **13 Ultimate controlling party**

The Company's immediate and ultimate parent undertaking is UKAR, a private limited liability company incorporated and domiciled in the United Kingdom.

Under IFRS, the Company's controlling party during the year was UKAR. UKAR heads the smallest and largest group of companies into which the Financial Statements of the Company are consolidated. Copies of the financial statements of UKAR may be obtained from the Company Secretary at Croft Road, Crossflatts, Bingley, BD16 2UA.

UKAR is wholly owned by the Treasury Solicitor as nominee for HM Treasury. The results of the UKAR Group are consolidated into those of HM Treasury as presented in HM Treasury's Annual Report and Accounts.

The Company considers the UK Government to be its ultimate controlling party.

### **14 Events after the reporting period**

The Directors are of the opinion that there have been no significant events which have occurred since 1 April 2016 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.