

UKAR CORPORATE SERVICES LIMITED

Annual Report and Financial Statements

for the 12 months to 31 March 2019

Registered Number: 08578384

SATURDAY



A8J5XVUI

A05

07/12/2019

#208

COMPANIES HOUSE

UKAR Corporate Services Limited

Annual Report and Financial Statements for the 12 months to 31 March 2019

Contents

Strategic Report.....	3
Directors' Report.....	5
Independent Auditor's report to the Members of UKAR Corporate Services Limited.....	7
Statement of Comprehensive Income.....	10
Balance Sheet.....	11
Statement of Changes in Equity.....	12
Cash Flow Statement.....	13
Notes to the Financial Statements.....	14

UKAR Corporate Services Limited

Strategic Report for the 12 months to 31 March 2019

The Directors present their Annual Report and Financial Statements of UKAR Corporate Services Limited ('the Company') for the year to 31 March 2019.

Principal activities

The Company's principal activity was to provide administrative support to the UK Government's Help to Buy Schemes (the 'Schemes'), specifically the Help to Buy: mortgage guarantee scheme and the Help to Buy: ISA scheme.

The Help to Buy: mortgage guarantee scheme was launched on 8 October 2013 and closed to new loans on 31 December 2016 as planned. The scheme aimed 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 was 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 Her Majesty's Treasury ('HM Treasury').

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

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

On 1 April 2019, responsibility for managing the government's Help to Buy: mortgage guarantee scheme and Help to Buy: ISA scheme was transferred to National Savings & Investments ('NS&I'). Atos now undertake administration of these schemes on behalf of NS&I. As a result the useful life of the Company's intangible assets was reassessed and the amortisation was accelerated to reduce the net book value of the assets to nil at 31 March 2019.

As a result, the Directors intend that the Company will be liquidated within a year of the date of the approval of these Financial Statements. Consequently the Directors of the Company have not applied the going concern basis of accounting in preparing these Financial Statements. As detailed in note 1(b) to the Financial Statements, no adjustments were necessary in these Financial Statements to reduce assets to their realisable values or to provide for liabilities arising from the decision.

Controlling party

The Company's immediate 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 parent and controlling party.

UKAR Corporate Services Limited

Strategic Report for the 12 months to 31 March 2019 (continued)

Review of the business

During the year the Company successfully administered both Schemes. The administration of the mortgage guarantee scheme is now predominantly claims processing and credit quality reporting focussed with four claims under the guarantee approved during the year. These claims were paid on behalf of HM Treasury and are not costs of the Company.

The Help to Buy: ISA scheme successfully paid 115,042 (2018: 111,058) bonuses during the year. Membership of the Scheme reduced by one member to 27 (2018: 28) with Polish Credit Union exiting during the year.

Key Performance Indicators ('KPIs')

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

Principal risks and uncertainties

In the ordinary course of business the Company is exposed to very few business risks as it is fully funded by HM Treasury. The Directors consider the credit risk of its cash and cash equivalents balance to be remote. 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 12, and further discussion in the context of the UKAR Group as a whole is provided on pages 67 to 71 of that Group's 2019 Annual Report & Accounts, which do not form part of this Report and Financial Statements.

The Company's operations were subject to periodic review by the UKAR internal audit function.

On behalf of the board



Ian Hares

Director

3 December 2019

Registered office:

Croft Road

Crossflatts

Bingley

West Yorkshire

BD16 2UA

UKAR Corporate Services Limited

Directors' Report for the 12 months to 31 March 2019

The Directors present their report together with the audited Financial Statements of the Company for the year to 31 March 2019.

Dividends

No dividends were paid during the year ended 31 March 2019 (2018: £nil) and the Directors do not recommend the payment of a final dividend.

Future outlook

On 1 April 2019, responsibility for managing the government's Help to Buy: mortgage guarantee scheme and Help to Buy: ISA scheme was transferred to NS&I. Atos now undertake administration of these schemes on behalf of NS&I.

As a result, the Directors intend that the Company will be liquidated within a year of the date of the approval of these Financial Statements. Consequently the Directors of the Company have not applied the going concern basis of accounting in preparing these Financial Statements.

Financial risk management objectives and policies

Information regarding the financial risk management objectives and policies is given in note 12. Further detail on 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 Help to Buy: mortgage guarantee scheme on its behalf and in 2015 the Help to Buy: ISA scheme. The administration of the Schemes was kept separate from UKAR's core responsibilities and was managed through the Company.

Directors

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

Ian Hares

Robert Thackray

Mr Hares is also a Director of UKAR.

Directors' indemnities

The Company provided all Directors that served during the year with a Deed of Indemnity, which constituted a '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 2019 and remain in force for Mr Hares and Mr Thackray 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. 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 2019 (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. As explained in note 1(b) to the Financial Statements the Directors are of the opinion that the going concern basis of accounting is no longer appropriate and hence the Financial Statements have not 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.

Disclosure of information to auditors

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

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

Independent auditors

The National Audit Office will be re-appointed as auditors in accordance with Section 487(2) of the Companies Act 2006.

On behalf of the Board.



Ian Hares

Director

3 December 2019

UKAR Corporate Services Limited

Independent auditor's report to the members of UKAR Corporate Services Limited

Opinion on financial statements

I have audited the financial statements of UKAR Corporate Services Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the 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 Financial Reporting Standards as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the result for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). 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 2016. I am independent of UKAR Corporate Services Limited in accordance with the ethical requirements that are relevant to my audit and 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.

Emphasis of Matter

Without qualifying my opinion, I draw attention to disclosures in the Director's Report and note 1(b) of the financial statements concerning the transfer of responsibility for all of the company's activities to NS&I from 1 April 2019. As a result, the Directors intend to liquidate the company within a year of approval of the financial statements and consider that the going concern basis of preparation is no longer appropriate. The financial statements have been prepared on a basis other than going concern.

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 and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

UKAR Corporate Services Limited

Independent auditor's report to the members of UKAR Corporate Services Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UKAR Corporate Services Limited's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

UKAR Corporate Services Limited

Independent auditor's report to the members of UKAR Corporate Services Limited (continued)

Other Information

The Directors are responsible for the other information. The other information comprises information included in the Strategic Report and the Directors' Report but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and 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, 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:

- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



Hilary Lower (Senior Statutory Auditor)

3 December 2019

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

UKAR Corporate Services Limited

Statement of Comprehensive Income for the 12 months to 31 March 2019

	Note	12 months to 31 Mar 2019 £000	12 months to 31 Mar 2018 £000
Fee income	9	7,385	6,170
Net fee income		7,385	6,170
Administrative expenses	3	(7,313)	(6,107)
Profit before taxation		72	63
Taxation	4	(72)	(63)
Result for the year		-	-
Other comprehensive income		-	-
Total comprehensive result for the year		-	-

All transactions are derived from the Company's principal activities which ceased on 31 March 2019.

The notes on pages 14 to 25 form an integral part of these Financial Statements.

UKAR Corporate Services Limited

Balance Sheet as at 31 March 2019

	Note	At 31 March 2019 £000	At 31 March 2018 £000
Assets			
Non-current assets			
Intangible assets	6	-	3,179
Total non-current assets		-	3,179
Current assets			
Cash and cash equivalents	5	5,896	8,185
Other assets		171	98
Total current assets		6,067	8,283
Total assets		6,067	11,462
Equity and liabilities			
Liabilities			
Current liabilities			
Amounts owed to Group undertakings	7	163	238
Amounts owed to HM Treasury	9	5,204	6,775
Current tax liabilities		73	63
Other liabilities	8	627	4,386
Total current liabilities		6,067	11,462
Total liabilities		6,067	11,462
Equity			
Issued capital attributable to owners of the parent:			
Share capital	13	-	-
Total equity		-	-
Total equity and liabilities		6,067	11,462

The notes on pages 14 to 25 form an integral part of these Financial Statements. The Financial Statements on page 10 to 25 were approved by the Board of Directors on 3 December 2019 and signed on its behalf by:



Ian Hares
Director

3 December 2019

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 2019

For the 12 months to 31 March 2019

	Share capital	Retained earnings	Total equity
	£000	£000	£000
Balance at 1 April 2018	-	-	-
Total comprehensive result for the year	-	-	-
Balance at 31 March 2019	-	-	-

For the 12 months to 31 March 2018

	Share capital	Retained earnings	Total equity
	£000	£000	£000
Balance at 1 April 2017	-	-	-
Total comprehensive result for the year	-	-	-
Balance at 31 March 2018	-	-	-

UKAR Corporate Services Limited

Cash Flow Statement for the 12 months to 31 March 2019

	Note	12 months to 31 Mar 2019 £000	12 months to 31 Mar 2018 £000
Cash flows from operating activities:			
Profit before taxation for the year		72	63
<i>Adjustments to reconcile profit to cash from operating activities:</i>			
- amortisation		3,570	2,582
Net cash flows generated from operating activities before changes in operating assets and liabilities		3,642	2,645
Net increase in operating assets			
- other assets		(73)	(64)
Net decrease in operating liabilities:			
- amounts owed to Group undertakings		(75)	(106)
- amounts owed to HM Treasury		(1,571)	(13,175)
- other liabilities		(3,759)	(1,007)
Tax paid		(62)	(57)
Net cash used in operating activities		(1,898)	(11,764)
Cash flows used in investing activities			
- additions to intangible assets	6	(391)	(1,089)
Net cash used in investing activities		(391)	(1,089)
Net decrease in cash and cash equivalents		(2,289)	(12,853)
Cash and cash equivalents at beginning of year		8,185	21,038
Cash and cash equivalents at end of year		5,896	8,185

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019

1 Principal accounting policies

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

These Financial Statements were authorised for issue by the Directors on 3 December 2019 and will be put to the shareholder for approval at the Company's Annual General Meeting.

(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'). IFRS comprises accounting 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.

- The Company has adopted IFRS 9 'Financial Instruments' with effect from 1 April 2018. Consequently the financial information presented in these Financial Statements as at 31 March 2019 and for the 12 months then ended has been prepared on a different basis from that presented for the comparative period. Further information including the application of the transitional provision of IFRS 9 is provided in note 10. Where different accounting policies are applied to the two years, both policies are detailed in this note 1.
- For these Financial Statements the Company has adopted IFRS 15 'Revenue from Contracts with Customers'. All of the Company's revenues are recognised as services are provided and no adjustments were made as a result of adoption. Further details are provided in note 1(c).

There have been no other significant changes to the Company's accounting policies since 31 March 2018.

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.

On 1 April 2019, responsibility for managing the government's Help to Buy: mortgage guarantee scheme and Help to Buy: ISA scheme was transferred to NS&I. As these represent all the activities of the Company, the going concern basis of accounting is no longer appropriate in respect of the 31 March 2019 Financial Statements.

IFRS does not specify the accounting treatment to be adopted by an entity which is not a going concern. The Directors have therefore considered the carrying amounts of assets and liabilities as at 31 March 2019 and have considered whether any provision should be made for costs arising as a result of the cessation of business and the wind-up of the Company.

As a result of the transfer of the Company's activities, accrual has been made for future costs that the Company was committed to paying but for which the Company expects to receive no economic benefit.

No provision has been made for costs arising as a result of the cessation of business and the wind-up of the Company as it is expected that any costs will be borne by UKAR.

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 2019 (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

The Company accounts for revenue in accordance with IFRS 15 'Revenue from Contracts with Customers'. The Company's revenue comprises fee income charged for administrative support services provided to HM Treasury.

IFRS 15 requires management to make a judgement as to what performance obligations are present in each of its contracts with customers. Management has concluded that the various requirements in the contracts do not individually satisfy the definition of separate performance obligations. As such, it was determined that each of the contracts represent single performance obligations, being the provision of administrative support services.

In order to satisfy this performance obligation the Company provides the contracted administrative services as required, in a consistent manner, over time. The transaction price for the performance of the services is considered to be the costs as they are incurred in providing the services plus a small contractual margin.

HM Treasury pays for the services in advance based on estimated future cash outflows of the Company. To the extent that the Company makes a payment but defers the recognition of a cost (principally the capitalisation of intangibles) then the Company recognises a deferred income liability. To the extent that cash has been received but not yet utilised the Company recognises a liability to HM Treasury.

(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.

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

1 Principal accounting policies (continued)

(e) 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 Company. 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income as they arise.

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 Statement of Comprehensive Income. 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.

(f) Cash and cash equivalents

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

(g) Financial instruments

2018-19:

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.

All of the Company's financial assets and liabilities are carried at amortised cost.

2017-18:

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement' the Company's financial assets were classified at initial recognition as 'loans and receivables'.

Measurement of financial liabilities was at amortised cost. The Company did not carry any financial instruments at fair value.

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

1 Principal accounting policies (continued)

(h) Impairment of financial assets

Information in respect of the Company's adoption of IFRS 9 is provided in note 10. 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.

As permitted by IFRS 9, the Company has elected not to restate comparative period information and hence impairment for the comparative year ended 31 March 2018 is accounted for under IAS 39. Financial assets which were not held at fair value through profit or loss were reviewed for indications of possible impairment throughout the period and at each published Balance Sheet date. An impairment loss was recognised if, and only if, there was objective evidence that a loss event (or events) had occurred after initial recognition and before the Balance Sheet date and had a reliably measurable impact on the estimated future cash flows of the financial asset or group of financial assets. Losses that were incurred as a result of events occurring after the Balance Sheet date were not recognised.

The Company's cash and cash equivalents are deposited with banks which satisfy the UKAR Group's credit risk criteria. Therefore impairment of the Company's cash balances is deemed to be immaterial and no impairment provisions are carried.

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. Following the disposal of the Company's intangible assets the Directors are of the opinion that there are no critical accounting judgements or estimates at 31 March 2019.

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (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 Bradford & 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 2019	12 months to 31 Mar 2018
	£000	£000
Recharged staff costs	1,150	1,244
IT costs	1,418	1,576
Outsourced and professional services	411	597
Auditor's remuneration	24	28
Amortisation of intangible assets	3,570	2,582
Other administrative expenses	86	80
Cost of transfer of services to NS&I	654	-
Total administrative expenses	7,313	6,107

No non-audit fees were paid to the National Audit Office by the Company.

4 Taxation

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

	12 months to 31 Mar 2019	12 months to 31 Mar 2018
	£000	£000
Profit before taxation	72	63
UK Corporation tax at 19% (2018: 19%)	(14)	(12)
Effects of:		
- expenses not deductible for tax purposes	(58)	(51)
Total taxation charge per the Statement of Comprehensive Income	(72)	(63)

There was no unprovided deferred tax at 31 March 2019 (2018: nil).

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

5 Cash and cash equivalents

	At 31 March 2019 £000	At 31 March 2018 £000
Cash and cash equivalents	5,896	8,185

None of the Company's cash and cash equivalents balance is impaired and all are with UK institutions rated A.

The amounts are classified as stage 1 as defined by IFRS 9. ECLs arising in the 12 months to 31 March 2020 are not material and no provision has been made.

6 Intangible assets

	2019 £000	2018 £000
Cost		
At 1 April	9,829	8,740
Additions	391	1,089
Write-off	(10,220)	-
At 31 March	-	9,829
Accumulated amortisation		
At 1 April	6,650	4,068
Amortisation charged in the year	3,570	2,582
Write-off	(10,220)	-
At 31 March	-	6,650
Net book value		
Carried forward	-	3,179
Brought forward	3,179	4,672

Intangible assets comprised capitalised computer software systems and licences.

Amortisation of the Company's intangible assets was accelerated to reduce the net book value to nil at 31 March 2019, when the Company's administrative activities ceased. As a result of the transfer of the operations of the Company to NS&I with effect from 1 April 2019, as detailed in note 16, all of the Company's intangible assets were written-off.

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

7 Amounts owed to Group undertakings

	At 31 March 2019 £000	At 31 March 2018 £000
Amounts owed to B&B	163	238

8 Other liabilities

	At 31 March 2019 £000	At 31 March 2018 £000
Deferred income	-	3,422
Payables and accruals	627	964
Total	627	4,386

The payables and accruals balance includes onerous contract liabilities totalling £63,000. These relate to future costs that the Company was committed to paying but for which the Company expects to receive no economic benefit. Deferred income represented fee income in respect of amounts paid by the Company but not expensed (principally capitalised intangible assets). This fell to nil at 31 March 2019 as all capitalised assets had been written off and the remaining balance recognised in fee income in the current year as all performance obligations had been satisfied following the termination of the contracts with HM Treasury.

9 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 (2018: nil).

(a) HM Treasury

As described in note 15, 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.

Fee income during the year amounted to £7,385,000 (2018: £6,170,000). At 31 March 2019 the Company owed £5,204,000 to HM Treasury (2018: £6,775,000). The amounts owed to HM Treasury represented cash received in advance from HM Treasury.

(b) B&B

The Company's material balances with B&B comprise amounts owed to Group undertakings (see note 7). The Company was recharged staff costs of £1,150,000 (2018: £1,244,000) and other administrative costs totalling £110,000 (2018: £108,000), including auditor's remuneration, during the year by B&B (see note 3).

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

10 Adoption of IFRS 9

The Company adopted IFRS 9 with effect from 1 April 2018. As permitted by the transitional provisions of IFRS 9, prior periods have not been restated.

The following table shows the classification of the Company's financial assets and liabilities on transition to IFRS 9 on 1 April 2018:

	IAS 39 classification	IFRS 9 classification	IAS 39 carrying amount 31 March 2018 £	IFRS 9 carrying amount 1 April 2018 £
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	8,185	8,185
			8,185	8,185
Financial liabilities				
Amounts due to Group undertakings	Amortised cost	Amortised cost	238	238
Payables and accruals	Amortised cost	Amortised cost	964	964
Amounts owed to HM Treasury	Amortised cost	Amortised cost	6,775	6,775
			7,977	7,977

There were no changes to the carrying amount of the Company's financial assets and liabilities as a result of the transition to IFRS 9 on 1 April 2018.

Under IFRS 9, classification of financial assets is determined by the business model under which the assets are managed and the contractual cash flow characteristics of the assets. Financial assets may be measured at amortised cost, FVP&L or FVOCI.

The business model may be considered to be one of holding the asset to collect the cash flows arising; holding the asset to sell it or to collect the cash flows arising; or holding the asset to sell it. IFRS 9 requires the business model to be assessed on the date of first application of IFRS 9, i.e. 1 April 2018.

The contractual cash flow characteristics of an asset may be considered to be solely payments of principal and interest ('SPPI') or not SPPI.

The measurement classifications of financial assets are as follows:

	SPPI	Not SPPI
Held to collect	Amortised cost	FVP&L
Held to collect and sell	FVOCI	FVP&L
Held to sell	FVP&L	FVP&L

The Company holds its financial assets at amortised cost as they are used in the normal day-to-day operation of the business and the cash flows satisfy the definition of SPPI.

IFRS 9 replaces the IAS 39 'incurred loss' approach to impairment provisioning with a forward-looking 'expected loss' approach. No impairment allowances have been made in respect of any financial assets as expected losses are not considered to material. At 1 April 2018 all of the Company's financial assets were classified as stage 1.

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

11 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.

At 31 March 2019

	Assets at amortised cost £000	Total carrying value £000	Fair value £000
Financial assets			
Cash and cash equivalents	5,896	5,896	5,896
Other assets	28	28	28
Total financial assets	5,924	5,924	5,924

	Liabilities measured at amortised cost £000	Total carrying value £000	Fair value £000
Financial liabilities			
Amounts due to Group undertakings	163	163	163
Payables and accruals	627	627	627
Amounts owed to HM Treasury	5,204	5,204	5,204
Total financial liabilities	5,994	5,994	5,994

At 31 March 2018	Loans and receivables £000	Total carrying value £000	Fair value £000
Financial assets			
Cash and cash equivalents	8,185	8,185	8,185
Total financial assets	8,185	8,185	8,185

	Liabilities measured at amortised cost £000	Total carrying value £000	Fair value £000
Financial liabilities			
Amounts due to Group undertakings	238	238	238
Payables and accruals	964	964	964
Amounts owed to HM Treasury	6,775	6,775	6,775
Total financial liabilities	7,977	7,977	7,977

No financial assets or liabilities were reclassified during the year between amortised cost and fair value categories. Valuation methods for calculations of fair values in the table above are set out in note 11(b).

UKAR Corporate Services Limited

Notes to the Financial Statements for the 12 months to 31 March 2019 (continued)

11 Financial instruments (continued)

(b) Fair value measurement

The fair values disclosed in note 11(a) are calculated on the following bases as defined by IFRS 13 'Fair Value Measurements':

At 31 March 2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Cash and cash equivalents	5,896	-	-	5,896
Other assets	28	-	-	28
	5,924	-	-	5,924
Financial liabilities				
Amounts owed to Group undertakings	163	-	-	163
Payables and accruals	627	-	-	627
Amounts owed to HM Treasury	5,204	-	-	5,204
	5,994	-	-	5,994
At 31 March 2018	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Cash and cash equivalents	8,185	-	-	8,185
Financial liabilities				
Amounts owed to Group undertakings	238	-	-	238
Payables and accruals	964	-	-	964
Amounts owed to HM Treasury	6,775	-	-	6,775
	7,977	-	-	7,977

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

Cash and cash equivalents

The fair value is estimated to be the carrying amount as the balances are considered to be repayable on demand.

Other assets

The fair value is estimated to be the carrying amount as the balances are short term.

Amounts owed to Group undertakings

Amounts owed to Group undertakings are repayable on demand, therefore the carrying value of these is approximate to fair value.

UKAR Corporate Services Limited

11 Financial instruments (continued)

(b) Fair value measurement (continued)

Amounts owed to HM Treasury and 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.

12 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. The Directors consider the risk of any loss to be remote.

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

13 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.

14 Share capital

	At 31 March 2019 Number	At 31 March 2019 £	At 31 March 2018 Number	At 31 March 2018 £
Authorised				
Ordinary shares of £1 each				
At beginning and end of year	2	2	2	2
Issued and fully paid				
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 2019 (continued)

15 Ultimate controlling party

The Company is a wholly-owned subsidiary of 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. UKAR heads the smallest group of companies into which these 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. The Company considers the UK Government to be its ultimate parent and controlling party. The Group's financial statements are consolidated into the Annual Report and Accounts of HM Treasury which are available at www.gov.uk/government/publications.

16 Events after the reporting period

On 1 April 2019, responsibility for managing the government's Help to Buy: mortgage guarantee scheme and Help to Buy: ISA scheme was transferred to NS&I. Atos now undertake administration of these schemes on behalf of NS&I. The Company's remaining intangible assets were written off at 31 March 2019 as they were used in the Company's administration of the Help to Buy schemes.

The Directors are of the opinion that there have been no other significant events which have occurred since 31 March 2019 to the date of this report that are likely to have a material effect on the financial position of the Company as disclosed in these Financial Statements.