

**BRASS No.5 PLC**

**Registered Number: 09728202**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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## **Brass No.5 PLC**

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**Brass No.5 PLC**

**REGISTERED NUMBER: 09728202**

**DIRECTORS AND COMPANY INFORMATION**

<b>Directors</b>	Wilmington Trust SP Services (London) Limited Mr D J Wynne (Appointed 20 March 2017) Mr M H Filer (Resigned 7 April 2017)
<b>Company Secretary</b>	Wilmington Trust SP Services (London) Limited
<b>Registered Office</b>	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
<b>Bankers</b>	Barclays Bank PLC London Corporate Banking Broadgate 1 Churchill Place London
<b>Auditor</b>	Deloitte LLP Leeds LS1 2AL United Kingdom

## **Brass No.5 PLC**

### **STRATEGIC REPORT**

#### **REVIEW OF THE BUSINESS**

The Company was incorporated on 11 August 2015 and commenced trading on 18 November 2016. On that date the Company purchased the beneficial ownership of mortgage loans from Accord Mortgages Limited. The mortgage loans were acquired using funds obtained by the issue of floating rate notes.

Since the initial transaction, the deemed loan assets have decreased in line with the mortgage portfolio they reflect, the decrease being due to the mortgage repayments received during the year.

Due to repayments decreasing the capital value of the mortgages in each period, both the Statement of Financial Position and interest income will decrease in future periods. The rate of decrease is dependent on future redemptions and future advances.

Brass No.5 PLC made a profit for the year before tax of £10.2m (Loss for the period 11 August 2015 to 31 December 2016 of £9.0m). The Company is structured such that any realised profits or losses are transferred to the owner of the underlying assets, which is Accord Mortgages Limited. Brass No.5 PLC is therefore not expected to generate distributable profits or accumulated losses from the point of incorporation through to the repayment of all issued debt securities. The profit/loss recorded in the current and previous year relates primarily to the movement on fair value of the derivative positions and as such is a timing difference that will be recovered in subsequent periods. The derivative position provides an economic hedge to the interest rate risk inherent in the deemed loan.

The Directors therefore expect the profit before tax and fair value adjustments of £4,500 (£189 for the period 11 August 2015 to 31 December 2016) to be consistent year-on-year. The directors do not propose the payment of a dividend (£nil for the period 11 August 2015 to 31 December 2016).

#### **RISK MANAGEMENT**

Instruments used for risk management purposes are set up at inception of the securitisation and include derivative financial instruments, such as interest rate swaps. This reflects the overall low risk appetite of the Company. After inception no significant decisions regarding the risk management of the Company are required.

The financial risks faced by the Company are liquidity risk, interest rate risk and credit risk. A summary of these risks is included below and more detail regarding the management of these risks is included in note 12 to the financial statements.

Credit risk on the Company's deemed loans asset is however, considered to be minimal because management does not expect the amount of incurred credit losses on the originators securitised loans and advances to customers to exceed the amount of credit enhancement supplied by Accord Mortgages Limited by their holding of the subordinate Class Z Variable Funding Notes.

The interest rate risk inherent in the Company's mortgage portfolio has been hedged through the effective use of derivative financial instruments. The responsibility for mitigating this risk within the agreed risk appetite is the responsibility of Group Treasury. Group ALM also monitors the suitability of and compliance with the operating limits set for the activities of the Group's Treasury function by the Board, and it reports and recommends accordingly.

Operational risk is the potential risk of financial loss or impairment to reputation arising from failures in operational processes or the systems that support them. To minimise operational risk, the Group maintains a system of internal controls commensurate with the characteristics of the business, the markets in which it operates, leading practice principles and regulatory considerations.

The Group Operational and Regulatory Risk Committee oversees the functioning of the operational risk framework and compliance with regulatory requirements. The Group aims to maintain a sound system of internal control that provides reasonable, but not absolute, assurance that it will not be hindered in achieving its business objectives, nor in the orderly and legitimate conduct of its business, by circumstances that may be reasonably foreseen. The focus is adapted to current conditions. For example, recent years have seen the development of more refined conduct risk strategies and controls in response to increasing expectations of regulatory authorities.

**STRATEGIC REPORT (continued)**

**RISK MANAGEMENT (continued)**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due, or can only do so at excessive cost. Liquidity risk arises on the Company's debt securities in issue. The Company is only obliged to make repayments of interest and principal in respect of the Notes to the extent that repayments are received from the mortgage servicer in respect of the securitised Mortgage Loans.



Mignon Clarke-Whelan for and on behalf of  
Wilmington Trust SP Services (London) Limited

28 February 2018

## **Brass No.5 PLC**

### **DIRECTORS REPORT**

The directors present their Annual report and audited financial statements of Brass No.5 PLC ("the Company") (Registered No 09728202) for the year ended 31 December 2017.

### **PRINCIPAL ACTIVITIES AND THEIR RISKS**

Brass No.5 PLC is a Company incorporated in England and Wales with the principal activity as that of a securitisation vehicle with beneficial ownership of mortgage loans secured by first charges over residential properties within the UK.

The beneficial ownership of the loans and advances to customers sold to the Company by Accord Mortgages Limited, a wholly owned subsidiary of the Yorkshire Building Society, fail the derecognition criteria of IAS 39 and consequently, these loans remain on the balance sheet of the originator. IAS 39, therefore, requires the seller to recognise a deemed loan financial liability on its balance sheet and the resulting deemed loan asset is held on the purchasing company's balance sheet.

The proposed dividend payment can be found in the strategic report on page 2.

Information on principal risks can be found in the strategic report on page 2 and 3.

### **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year and to the date of this report are given below.

Wilmington Trust SP Services (London) Limited  
Mr D J Wynne (Appointed 20 March 2017)

No director had a beneficial interest in the share capital of the Company or any other company in the Yorkshire Building Society Group at any time during the year under review.

### **GOING CONCERN**

The earliest contractual maturity of the debt securities in issue is 16 November 2021, when the balance outstanding on the notes may be repaid, dependent on the optional early redemption of notes clause being exercised. Prior to this option date, repayment of debt securities is required only to the extent that mortgage repayments are received and transferred to Brass No.5 PLC. Consequently, the directors are satisfied that the Company will have sufficient liquid resources available over the next twelve months to meet its obligations as they fall due and that it is appropriate to adopt the going concern basis in preparing the financial statements.

### **FUTURE DEVELOPMENTS**

The Company will continue to receive benefits from the ownership of the mortgages loans from Accord.

Due to repayments decreasing the capital value of the mortgages in each period, both the Statement of Financial Position and interest income will decrease in future periods. The rate of decrease is dependent on future redemptions and future advances.

### **KEY PERFORMANCE INDICATORS**

KPIs are published in the monthly investor reports, which can be found on the Society's website (<https://www.ybs.co.uk/your-society/treasury/index.html>). They include the securitised mortgage characteristics, the rate of repayment, the level of arrears and losses in the mortgage pool, the yield on the mortgages and the credit enhancement available to the notes.

The Company's notes in issue are assigned credit ratings by Fitch and Moody's. As at the date of approval of these financial statements, the Company's notes are rated AAA by Fitch and Aaa by Moody's.

## **Brass No.5 PLC**

### **DIRECTORS REPORT (continued)**

#### **AUDIT INFORMATION**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the firm's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **AUDITOR**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint will be proposed at the forthcoming annual general meeting.



Mignon Clarke-Whelan for and on behalf of  
Wilmington Trust SP Services (London) Limited

28 February 2018

## **Brass No.5 PLC**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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, International Accounting Standard 1 requires that directors:

- properly select accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Responsibility statement**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 28 February 2018 and is signed on its behalf by:



Mignon Clarke-Whelan for and on behalf of  
Wilmington Trust SP Services (London) Limited  
28 February 2018



## Brass No.5 PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRASS No.5 PLC

#### Opinion

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**In our opinion the financial statements:**

- **give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.**

We have audited the financial statements of Brass No.5 plc (the 'company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

#### Basis for opinion

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We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Summary of our audit approach

<b>Key audit matters</b>	The key audit matter that we identified in the current year was the valuation of complex financial instruments.
<b>Materiality</b>	The materiality that we used in the current year was £4.8m which was determined with reference to the debt securities in issue.
<b>Scoping</b>	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

## Brass No.5 PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRASS No.5 PLC

#### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**We have nothing to report in respect of these matters.**

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Fair value of complex financial instruments

**Key audit matter description** The Company purchases mortgages from Accord Mortgages Limited and creates residential mortgage backed securities (RMBS) which are sold to Yorkshire Building Society Group and external investors. The value of the RMBS are recorded in the Statement of Financial Position as Debt Securities in Issue, a liability of £1,912,491,000 as at year-end.

The Company has entered into two interest rate swaps with external counter-parties with an investment grade credit rating in order to hedge the Company's exposures to interest rate risk in relation to its investment activities. These swaps are considered to be complex derivatives that are valued as level three financial instruments. Management judgement is required to estimate the expected future cash flows (including the appropriate discount rate, timing and quantum) in order to determine the fair value of these instruments, and apply hedge accounting rules under IAS 39 to reduce volatility in the Income Statement.

The fair value of the swaps is equal to the estimated amount that the Company would receive or pay to terminate the swaps at year end, resulting in an asset of £1,387,000, to be presented in the Statement of Financial position respectively with the net movement in 2017 of £10,185,000 recognised as a gain in the Income Statement. The fair value movement through profit and loss during 2017 is driven by changes in market expectations of future interest rates and a reduction in the value of the RMBS.

The valuation of these complex derivatives is considered to be a key audit matter because of the complex nature of the valuation methodology, and the quantum of the notional value of the swaps as those factors indicate that the fair value of the swaps may be significant. We have also considered the risk of fraud in financial reporting that the booked value of the derivative is not in accordance with the externally sourced valuation.

## Brass No.5 PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRASS No.5 PLC

	The instruments are shown in Note 12 to the accounts, and Management have explained their valuation methodology in note 1 on page 18.
<b>How the scope of our audit responded to the key audit matter</b>	<p>We performed a walk-through of the Company's treasury and hedge account processes to understand Management's process for trading in derivatives and the data flows that underpin and inform valuation decisions.</p> <p>We identified key controls in the treasury and hedge accounting process, and assessed the design and implementation of such controls.</p> <p>We tested the Company's application of hedge accounting which comprised testing hedge documentation for compliance with the requirements of the accounting standards, and independently re-performing a sample of hedge effectiveness tests conducted by Management during the year.</p> <p>This was performed using contractual derivative documentation, alongside readily available market data. Where this was not available, market-standard methodology was used to estimate these inputs.</p>
<b>Key observations</b>	We concluded that the value of the derivative instruments held on the balance sheet are held in line with accounting policies and IAS39 and consider these to be appropriate.

### Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Materiality</b>	£4.8m (2016: £5.2m)
<b>Basis for determining materiality</b>	We based our materiality on being lower than 1% of debt securities in issuance (2016: 1% of debt securities in issuance).
<b>Rationale for the benchmark applied</b>	The deemed loan asset was used as the basis for materiality as it drives the performance of the Company as a special purpose vehicle.

We agreed with those charged with governance that we would report all audit differences in excess of £190,000 (2016: £150,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## Brass No.5 PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRASS No.5 PLC

#### An overview of the scope of our audit

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The Company issues debt securities to investors, secured on residential mortgage assets originally written by Accord Mortgages Limited, a subsidiary of Yorkshire Building Society. Our audit scope focused on the audit of the material account balances and related disclosures contained within the financial statements. We performed substantive testing of the balances related to the loan asset through procedures performed at the offices of Yorkshire Building Society and Accord Mortgages Limited.

#### Other information

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The directors are responsible for the other information. The other information comprises the information included in the annual report including the strategic report, Directors report and the statement of Directors responsibilities, other than the financial statements and our auditor's report thereon.

***We have nothing to report in respect of these matters.***

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

#### Responsibilities of directors

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As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

## Brass No.5 PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRASS No.5 PLC

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

#### Use of our report

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This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### Matters on which we are required to report by exception

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##### *Adequacy of explanations received and accounting records*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

***We have nothing to report in respect of these matters.***

- 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.

##### *Directors' remuneration*

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

***We have nothing to report in respect of this matter.***

**Brass No.5 PLC**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRASS No.5 PLC**

**Other matters**

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*Auditor tenure*

Following the recommendation of those charged with governance, we were appointed by the Company to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the years ending 31 December 2016 to 31 December 2017.

*Consistency of the audit report with the additional report to the board*

Our audit opinion is consistent with the additional report to the board we are required to provide in accordance with ISAs (UK).



Peter Birch FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, UK

28 February 2018

**Brass No.5 PLC**  
**REGISTERED NUMBER: 09728202**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017	11 August 2015 to 31
	Note	£000	December 2016
			£000
Interest receivable and similar income	3	26,895	2,540
Interest payable and similar charges	4	(24,874)	(2,527)
<b>Net interest income</b>		<b>2,021</b>	<b>13</b>
Administrative expenses	5	(2,016)	(13)
<b>Operating profit</b>		<b>5</b>	<b>-</b>
Net gains on fair value volatility on financial instruments	6	10,185	(9,043)
<b>Profit before tax</b>		<b>10,190</b>	<b>(9,043)</b>
Tax	7	(1)	-
<b>Profit/(loss) for the year</b>		<b>10,189</b>	<b>(9,043)</b>

The profit/(loss) shown above is derived from continuing operations.

The Company has no income or expenditure in the year other than the profit/(loss) stated above. Consequently no Statement of Comprehensive Income has been presented.

The notes on pages 17 to 28 form part of these financial statements.

Brass No.5 PLC

REGISTERED NUMBER: 09728202

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

			11 August 2015 to 31 December
	Note	2017 £000	2016 £000
<b>Assets</b>			
Cash and cash equivalents	8	253,702	66,284
Deemed loans to group undertakings	9	1,665,552	2,492,244
Derivative financial instruments		1,387	-
Other receivables		12	12
<b>Total assets</b>		<b>1,920,653</b>	<b>2,558,540</b>
<b>Liabilities</b>			
Debt securities in issue	10	1,912,491	2,554,040
Other payables		7,004	11,005
Derivative financial instruments		-	2,526
<b>Total liabilities</b>		<b>1,919,495</b>	<b>2,567,571</b>
<b>Equity</b>			
Called up equity share capital	11	12	12
Retained surplus	13	1,146	(9,043)
<b>Total equity</b>		<b>1,158</b>	<b>(9,031)</b>
<b>Total liabilities and equities</b>		<b>1,920,653</b>	<b>2,558,540</b>

The notes on pages 17 to 28 form part of these financial statements.

These financial statements were approved by the directors and authorised for issuance on 28 February 2018.

  
Mignon Clarke-Whelan for and on behalf of  
Wilmington Trust SP Services (London) Limited



# Brass No.5 PLC

## STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Retained surplus £000	Total equity £000
1 January 2017	12	(9,043)	(9,031)
Profit for the financial year	-	10,189	10,189
	<u>12</u>	<u>1,146</u>	<u>1,158</u>
31 December 2017	<u>12</u>	<u>1,146</u>	<u>1,158</u>
	Share capital £000	Retained surplus £000	Total equity £000
11 August 2015 (incorporation)	-	-	-
Share capital issued on incorporation	12	-	12
Loss for the financial year	-	(9,043)	(9,043)
	<u>12</u>	<u>(9,043)</u>	<u>(9,031)</u>
31 December 2016	<u>12</u>	<u>(9,043)</u>	<u>(9,031)</u>

The notes on pages 17 to 28 form part of these financial statements.

**Brass No.5 PLC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	11 August 2015 to 31 December 2016 £000
<b>Cash flows from operating activities:</b>			
Profit before tax		10,190	(9,043)
Adjustment for tax		(1)	-
Operating assets:			
Net decrease/(increase) in deemed loans from group undertakings	9	826,692	(2,492,244)
Net (increase) in derivative financial instruments		(1,387)	-
Net decrease/(increase) in other receivables		-	(12)
Operating liabilities:			
Net (decrease)/increase in derivative financial instruments		(2,526)	2,526
Net (decrease)/increase in other payables		(4,001)	11,005
<b>Net cash flows from/(used in) operating activities</b>		<b>828,967</b>	<b>(2,487,768)</b>
<b>Cash flows from financing activities:</b>			
Net (decrease)/increase in debt securities in issue		(641,549)	2,554,040
Issue of share capital		-	12
<b>Net cash flows (used in)/from financing activities</b>		<b>(641,549)</b>	<b>2,554,052</b>
<b>Net increase in cash and cash equivalents</b>		<b>187,418</b>	<b>66,284</b>
Opening balance		66,284	-
<b>Total closing cash and cash equivalents</b>		<b>253,702</b>	<b>66,284</b>

Reconciliation of liabilities arising from financing activities	2016 £000	Cash flows	Non-cash changes cause by:	2017 £000
		Redemptions	Accrued interest	
Debt securities in issue	2,554,040	(641,278)	(271)	1,912,491

The Statement of Cash Flows has been prepared in compliance with 'International Accounting Standard 7 Statement of Cash flows' and is presented under the indirect method.

The Statement of Cash Flows presents cash flows classified by operating, investing and financing activities. The net cash flows from all three categories are totalled to show the movement in cash and cash equivalents during the year, which is then used to reconcile cash and cash equivalents.

For the purposes of the Statement of Cash Flows, 'cash and cash equivalents' comprise cash and other financial instruments with less than three months original maturity.

## NOTES TO THE FINANCIAL STATEMENTS

### Introduction

Brass No.5 PLC is a special purpose vehicle whose business is the acquisition and management of mortgage loans and their related security. Brass No.5 PLC is a public company limited by shares, that is domiciled and registered in the United Kingdom.

### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) in issue that have been endorsed by the European Union (EU) and are effective at 31 December 2017.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of derivative contracts held at fair value through the Income Statement.

The financial statements have been prepared on the going concern basis as discussed in the Directors Report on page 4, under the heading 'Risks, uncertainties and going concern'.

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates and judgement. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

### Accounting developments

The following Accounting Standard amendments became effective for periods commencing on or after 1 January 2017 have been adopted in the current year:

- Amendments to IAS 7 'Disclosure Initiative' which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from the financing activities. These disclosures are included within the Statement of Cash Flows.
- Annual improvements to IFRSs 2014-2016 Cycle included amendments to IFRS 12 that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified as held for sale.

The following Accounting Standards which have not been adopted in these financial statements were in issue but not yet effective for the 2017 year end. Except otherwise stated, the adoption of the following new or amended standards is not expected to have material impact on the financial statements.

- IFRS 9 'Financial Instruments' published in July 2014 is effective for periods beginning on or after 1 January 2018, with early adoption permitted. This standard replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement' and includes revised guidance on:

### Classification and measurement

Financial assets will be classified as amortised cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the entity's business model and the contractual cash flow characteristics of the instruments. The application of the classification and measurements requirements is not expected to materially impact the financial statements.

### Impairment of financial assets

Impairment will be based on a more forward looking expected credit loss (ECL) approach for financial assets classified as amortised cost and fair value through other comprehensive income, rather than the incurred loss approach applied under IAS 39. The application of the impairment requirements is not expected to materially impact the financial statements. This is due to the strict criteria for loans that form part of the mortgage pool such as the original LTV being less than 90% and restrictions on the current balance of loans that are more than three months in arrears. Losses are initially absorbed by the Z-Notes that are retained by the mortgage Originator; as a result any related impairment provisions are expected to be immaterial.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Accounting developments (continued)

- IFRS 15 'Revenue from Contracts with Customers' is effective for periods beginning on or after 1 January 2018. IFRS 15 introduces a framework for determining whether, how much and when revenue is recognised and it replaces the existing guidance in IAS 18 'Revenue'. The company has assessed the potential impact from adopting IFRS 15; and it is not expected to have a material impact on the financial statements.
- IFRS 16 'Leases' is effective for periods beginning on or after 1 January 2019. IFRS 16 eliminates the distinction between operating and finance leases that currently exists in IAS 17, with virtually all leases recognised on balance sheet. The company has assessed the potential impact from adopting IFRS 16; and there is zero impact on the financial statements from the introduction of this standard.
- IFRS 17 'Insurance Contracts' is effective for periods beginning on or after 1 January 2021. IFRS 17 is the comprehensive IFRS establishing specific accounting requirements for insurance contracts. This replaces IFRS 4 for which entities were permitted to account for insurance contracts differently across jurisdictions. The Company is assessing the potential impact of adopting IFRS 17; and there is zero impact on the financial statements from the introduction of this standard.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The following is a list of the Company's significant accounting policies.

#### Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash and other financial instruments with less than three months original maturity.

The Statements of Cash Flows has been prepared using the indirect method.

#### Interest income and expense

Interest income and expense on all financial instruments are recognised within interest receivable or payable on an effective interest rate basis.

The effective interest rate method is used to calculate the amortised cost of financial instruments and to recognise interest receivable or payable over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash flows (excluding credit losses) through the expected life of the instrument to the net carrying amount at initial recognition.

#### Taxation

Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in the Statement of Comprehensive Income.

Current tax is expected tax payable on the taxable profits for the year, using tax rates enacted or the substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### Deferred consideration payable

Deferred consideration payable depends on the extent to which the surplus income generated by the underlying mortgage books to which the Company has a beneficial interest, exceeds the administration costs of the mortgage books, and is deducted from interest income, since the Company does not recognise income to which it is not beneficially entitled. Contingent deferred consideration arising in future periods is recorded in the Income Statement in the period in which it arises.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Instruments**

The Company's financial instruments comprise principally of deemed loans due from group undertakings, derivative financial instruments, debt securities in issue and cash and cash equivalents. These financial instruments are classified in accordance with the principles of IAS 39 as described below.

**(i) Cash and cash equivalents**

The Company holds deposits and a transaction bank account. These accounts are held in the Company's name and meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the Secured Funding Programme Documentation (the "Programme Documentation"). As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

**Financial Instruments (continued)**

**(ii) Deemed loan and deferred consideration**

In accordance with IAS 39, where a transfer of a financial asset does not qualify for derecognition in the financial statements of the transferor, the transferee does not recognise the transferred asset as its asset. The transferee derecognises the cash or other consideration paid and recognises a receivable from the transferor. In relation to the mortgage portfolios transferred to the Company, derecognition is considered to be inappropriate for the Originator's (Accord Mortgages Limited) own financial statements as the Originator has retained significant risks and rewards of ownership of that financial asset. The Company's financial statements are therefore prepared on the basis that those acquisitions of beneficial interests in mortgage portfolios are recognised as a collateralised loan to the Originator. Under the terms of the mortgage sale agreement, Accord Mortgages Limited, as the Originator of the mortgage loans, retains the right to receive excess income arising on those loans, after certain higher priority payments have been met by the Company. In line with the programme requirements, any surplus receipts from the receivables after servicing the notes and all other obligations of the Company are payable to the Originator. These amounts are presented as a deduction of interest income in the Income Statement with amounts outstanding at year end being recorded as 'Other payables' in the Statement of Financial Position.

**(iii) Derivative financial instruments**

The Company uses derivative financial instruments to hedge its exposure to interest rate risk arising from investment activities. The Company does not hold or issue derivative financial instruments for trading purposes.

IAS 39 requires all derivative financial instruments to be recognised initially at fair value in the Statement of Financial Position. Subsequent to initial recognition, derivatives are re-measured to fair value. Where the value of the derivative is positive, it is carried as a derivative asset and where negative, as a derivative liability. The gain or loss on re-measurement to fair value is recognised immediately in the Income Statement. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the Statement of Financial Position date taking into account current interest rates and the current creditworthiness of the swap counterparty.

Interest receivable or payable on swaps is accounted for under the effective interest rate basis within interest receivable or payable in the Income Statement.

**(iv) Debt securities in issue**

Interest-bearing debt securities in issue are recognised initially when issued at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings under the effective interest rate method. Directly attributable issue costs, including premiums and discounts, commissions and other costs incurred in the issuing of fixed and floating rate notes are amortised using the effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The Company makes judgements in applying its accounting policies that have a significant impact on the amounts recognised in the financial statements. In addition estimates and assumptions are used which could affect the reported amounts of assets and liabilities in the next financial year. The most critical judgements and key sources of estimation uncertainty are described below.

**Key source of estimation uncertainty***Fair values*

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale and are measured at fair value with the resultant profits or losses included in the income statement.

The fair values of the derivatives are based on internal models, which is the best estimate of the exit value of the derivatives. This is analysed further in Note 12.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017 £000	11 August 2015 to 31 December 2016 £000
On deemed loan	26,858	2,540
On other liquid assets	37	-
	<u>26,895</u>	<u>2,540</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £000	11 August 2015 to 31 December 2016 £000
On debt securities in issue	18,465	2,527
On derivatives	6,409	-
	<u>24,874</u>	<u>2,527</u>

**5. OPERATING EXPENSES**

Profit/(Loss) for the year has been arrived at after charging:

	2017 £000	11 August 2015 to 31 December 2016 £000
Servicer fees	<u>2,016</u>	<u>13</u>

Fees payable of £5,000 (£5,000 for the period 11 August 2015 to 31 December 2016) to the Company auditor for the audit of the Company's annual accounts have been borne by Yorkshire Building Society, the ultimate parent. There were no other fees paid to the auditor.

**Brass No.5 PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. NET GAINS/(LOSSES) ON FAIR VALUE VOLATILITY ON FINANCIAL INSTRUMENTS**

	<b>2017</b>	<b>11 August 2015 to 31 December 2016</b>
	<b>£000</b>	<b>£000</b>
Derivatives	10,185	(9,043)

The above figure is the fair value gain/(loss) on derivative financial instruments transacted to hedge the exposure to interest rate risk.

**7. TAX**

	<b>2017</b>	<b>11 August 2015 to 31 December 2016</b>
	<b>£000</b>	<b>£000</b>
Current tax:		
UK Corporation tax at 19.25% (2016 - 20.0%)	1	-
<b>Total tax charge in income statement</b>	<b>1</b>	<b>-</b>

The main rate of corporation tax was reduced to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The actual tax expense differs from that calculated using the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2017</b>	<b>11 August 2015 to 31 December 2016</b>
	<b>£000</b>	<b>£000</b>
Profit / (loss) before tax	10,190	(9,043)
UK Corporation tax at 19.25% (2016 - 20.0%)	1,961	(1,809)
Effects of:		
Differences due to permanent regime	(1,960)	1,809
<b>Tax charge in income statement</b>	<b>1</b>	<b>-</b>

Secondary tax legislation, enacted on November 2006 under powers conferred by the Finance Act 2005, ensures that for the companies who first meet the definition of a 'securitisation company' for an accounting period commencing on or after 1 January 2007, Corporation tax will be calculated by reference to the retained profit of the securitisation Company required to be retained under the agreement that governs the Company.

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both the Finance Act 2005 and relevant subsequent secondary legislation and that no incremental unfunded tax liabilities arise.

**Brass No.5 PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>11 August 2015 to 31 December 2016</b>
	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	253,702	66,284

The Company has placed its deposit account with a provider of a Guaranteed Investment Contract. Withdrawals are restricted by the detailed priority of payments set out in the Programme Documentation. The Company is contractually entitled to a variable rate of interest of 35bps below 3 month LIBOR.

**9. DEEMED LOANS TO GROUP UNDERTAKINGS**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Deemed loans recoverable	1,666,447	2,492,804
Unpaid fees and advances	(875)	(560)
<b>At 31 December</b>	<b>1,665,552</b>	<b>2,492,244</b>

The deemed loans recoverable earn interest on a blended rate dependent on the mix of fixed and floating rates on the loans in the pool. The loans are repaid as and when the cash is received by the originator from the customers as principal repayments of the loans and advances. Consequently, a proportion of the deemed loans recoverable will be repaid within 12 months although the amount cannot be quantified.

**10. DEBT SECURITIES IN ISSUE**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Class A floating rate notes (3mth LIBOR + 50bp)	1,658,721	2,300,000
Class Z variable funding notes (3mth LIBOR)	251,510	251,510
Interest accrued	2,260	2,530
	<b>1,912,491</b>	<b>2,554,040</b>

The earliest contractual maturity of the debt securities in issue is 16 November 2021, when the balance outstanding on the notes may be repaid. This date represents the earliest contractual date that Brass No.5 PLC could repay the noteholders.

The Company has not had any defaults on principal, interest or any other breaches with respect to its liabilities during the period.



## Brass No.5 PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 11. CALLED UP EQUITY SHARE CAPITAL

	2017 £000	11 August 2015 to 31 December 2016 £000
Authorised: 50,000 Ordinary shares of £1 each	50	50
Allotted, called up and fully paid 2 Ordinary shares of £1 each	-	-
Allotted, partly called up and unpaid 49,998 Ordinary shares (nil partly paid)	12	12
	<b>12</b>	<b>12</b>

#### 12. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and financial liability of another entity. The Company's financial instruments consist principally of deemed loans, amounts due from group undertakings, derivative financial instruments, debt securities in issue and cash and cash equivalents.

##### Summary

The table below summarises the main financial instruments, their significant terms and conditions and the accounting treatment adopted.

Financial instrument	Significant terms and conditions	Accounting treatment
Deemed loans to group undertakings	Long term Fixed and variable interest rate	Amortised cost
Cash and cash equivalents	Short term cash balance Restricted use per transaction documentation	Amortised cost
Debt securities in issue	Long term Fixed interest rate	Amortised cost
Derivative financial instruments	Medium term Value derived from underlying price or rate	Fair value through profit or loss

**Brass No.5 PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. FINANCIAL INSTRUMENTS (continued)**

**Fair values**

The following is a comparison of book and fair values of the Company's financial instruments by category as at the Statement of Financial Position date. Where external market prices are available they have been used to determine fair values, otherwise internal pricing models using external market data have been used.

	<b>Book value £000</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Fair value £000</b>
<b>31 December 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	253,702	-	253,702	-	253,702
Deemed loans to group undertakings	1,665,552	-	1,679,865	-	1,679,865
<b>Liabilities</b>					
Debt securities in issue	1,912,491	1,666,291	-	251,673	1,917,964

For debt securities in issue, the fair value of the Class A notes has been calculated using external quoted prices and reported under level 1. Z notes are quoted at book value as in the absence of an external market for these notes it is considered to be a reasonable estimate of the fair value.

	<b>Book value £000</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Fair value £000</b>
<b>31 December 2016</b>					
<b>Assets</b>					
Cash and cash equivalents	66,284	-	66,284	-	66,284
Deemed loans to group undertakings	2,492,244	-	2,549,207	-	2,549,207
<b>Liabilities</b>					
Debt securities in issue	2,554,040	2,302,543	-	251,628	2,554,171

The fair value of the deemed loan has been calculated using a discounted cash flow analysis. Cash and cash equivalents are recognised on an amortised cost basis that is considered to be a close approximation to fair value. Debt securities in issue have been calculated using external quoted prices.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. FINANCIAL INSTRUMENTS (continued)

## Fair values (continued)

In accordance with IFRS 13 Fair Value Measurement, the fair values of the derivatives are based on counterparty valuations, which is the best estimate of the exit value of the derivatives.

The table below classifies all financial instruments held at fair value according to the method used to establish the fair value.

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>At 31 December 2017</b>				
Derivative financial instruments - Asset	-	-	1,386	1,387
Derivative financial instruments - Liability	-	-	-	-

<b>At 31 December 2016</b>				
Derivative financial instruments - Asset	-	-	-	-
Derivative financial instruments - Liability	-	-	2,526	2,526

The Company's level 3 assets and liabilities contain interest rate swaps. This follows a reassessment of the significance of the prepayment rate on the underlying mortgages being hedged and for which the notional of the derivative is linked to.

The Company classifies its derivative financial instruments as level 3 due to the significance of the prepayment rate on the underlying mortgages being hedged and for which the notional of the derivative is linked to.

## Brass No.5 PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 12. FINANCIAL INSTRUMENTS (continued)

##### Liquidity risk

Liquidity risk is managed at a Group level by Yorkshire Building Society, the ultimate parent, and is monitored on a daily basis by the independent Group Risk function. All liquidity risk in subsidiary companies, including Brass No.5 PLC, is eliminated by the use of appropriate inter-company loans and deposits. The table below illustrates the gross contractual cash flows on the Company's financial liabilities.

	Repayable on demand and up to three months £000	Repayable in more than three months but not more than one year £000	Repayable in more than one year but not more than five years £000	More than five years £000	Total £000
<b>At 31 December 2017</b>					
Debt securities in issue	4,619	13,858	1,965,664	-	1,984,141
Derivative financial instruments	-	-	-	-	-
<b>Total</b>	<b>4,619</b>	<b>13,858</b>	<b>1,965,664</b>	<b>-</b>	<b>1,984,141</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 31 December 2016</b>					
Debt securities in issue	5,295	15,886	2,636,236	-	2,657,417
Derivative financial instruments	(1,184)	(3,552)	9,137	-	4,401
<b>Total</b>	<b>4,111</b>	<b>12,334</b>	<b>2,645,373</b>	<b>-</b>	<b>2,661,818</b>

##### Interest rate risk

Interest rate risk is managed on a daily basis at a Group level by Yorkshire Building Society. Brass No.5 PLC is protected from interest rate risk by the provision of interest rate swaps. The swaps, which are not deemed to be in formal hedge relationships are fair valued and hence are "naturally hedged" since the movements net to nil.

##### Credit risk

Key concentrations of credit risk to the Company are in respect of the deemed loan and, more generally, to Accord Mortgages Limited in its role as the mortgage administrator and cash manager.

The financial statements are prepared on the basis that its acquisitions of beneficial interests in mortgage portfolios are recognised as a deemed loan.

To the extent that the mortgage loans in the portfolio do not provide sufficient funds to recover the investment in the mortgage portfolio, the Company has no preferential claim on the assets of Accord Mortgages Limited. To provide protection for the structure, the Originator, Accord Mortgages Limited, holds subordinate notes at a level governed by the rating agencies, having considered the quality of the underlying pool of mortgages, to absorb the first losses on the deemed loans.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. FINANCIAL INSTRUMENTS (continued)

## Credit risk (continued)

The table below represents a worst-case scenario of credit risk exposure to the Company without taking into account any collateral held or other credit enhancements attached. The exposures are based on gross carrying amounts as reported in the Statement of Financial Position. Further details on the underlying collateral can be found in the published Investor Reports.

Category (as defined by IAS 39)	Class	2017	11 August 2015 to 31 December 2016
		£000	£000
Loans and receivables	Deemed loans	1,665,552	2,492,244
Cash and cash equivalents	Cash and cash equivalents	253,702	66,284
<b>Total</b>		<b>1,919,254</b>	<b>2,558,528</b>

## Deemed loans

The above table shows the maximum exposure to credit risk on deemed loans. The risk on the deemed loans is mitigated by the size and quality of the securitised loans and advances to customers.

## 13. RETAINED SURPLUS/(DEFICIT)

	2017	11 August 2015 to 31 December 2016
	£000	£000
Balance at 1 January	(9,043)	-
Profit/(Loss) for the year	10,189	(9,043)
Balance at 31 December	<b>1,146</b>	<b>(9,043)</b>

Any deficit is primarily due to fair value adjustments on derivatives which do not affect the liquidity of the partnership and are likely to reverse in future periods, the directors therefore believe that the current level of capital is appropriate for the Company's activities.

## 14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

The Company's immediate parent undertaking and controlling entity is Brass No.5 Mortgage Holdings Limited, a company registered in England.

Wilmington Trust SP Services (London) Limited holds 100% of the issued share capital of Brass No.5 Mortgage Holdings Limited, subject to terms of declaration of trust for general charitable purposes.

The Company meets the definition of a special purpose entity under IFRS. In accordance with the requirements of IFRS 10 'Consolidated Financial Statements', the Company's accounts are consolidated within the group accounts of Yorkshire Building Society. Yorkshire Building Society is a mutual organisation owned by its members and consequently has no controlling body. It is incorporated in England and registered under the Building Societies Act. The financial statements of the ultimate parent company are available from Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ.

# Brass No.5 PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. RELATED PARTY TRANSACTIONS

Total remuneration paid by the Yorkshire Building Society to its directors or other key management personnel in relation to their services to the company amounted to £nil (£nil for the period 11 August 2015 to 31 December 2016). No employees were employed by the Company during the year.

As stated in the note above, the Company's accounts are consolidated within the group accounts of Yorkshire Building Society. Consequently the directors of the Company consider Yorkshire Building Society and its subsidiaries to be related parties of the company. The Company pays cash management and mortgage loan servicing fees to Yorkshire Building Society in connection with its provision of services defined under the Programme Documentation. In 2017 these fees amounted to £1,972,864 (£nil for the period 11 August 2015 to 31 December 2016). Transactions with the Yorkshire Building Society and its subsidiaries are disclosed below.

As at 31 December 2017	Cash and cash equivalents £000	Deemed loans from group undertakings £000	Debt securities in issue £000
Yorkshire Building Society	253,702	-	1,444,189
Accord Mortgages Limited	-	1,665,552	251,673
	<b>253,702</b>	<b>1,665,552</b>	<b>1,695,862</b>

As at 31 December 2016	Cash and cash equivalents £000	Deemed loans from group undertakings £000	Debt securities in issue £000
Yorkshire Building Society	66,284	-	2,002,097
Accord Mortgages Limited	-	2,492,244	251,628
	<b>66,284</b>	<b>2,492,244</b>	<b>2,253,725</b>

Year ended 31 December 2017	Interest receivable and other income £000	Interest payable and similar charges £000
Yorkshire Building Society	-	23,990
Accord Mortgages Limited	26,895	884
	<b>26,895</b>	<b>24,874</b>

For the period 11 August 2015 to 31 December 2016	Interest receivable and other income £000	Interest expense and other charges £000
Yorkshire Building Society	-	2,097
Accord Mortgages Limited	2,540	118
	<b>2,540</b>	<b>2,215</b>

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.