

NRAM Homes Limited

Annual Report and Financial Statements

for the 12 months to 31 March 2020

Registered Number: 02306045

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NRAM Homes Limited

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NRAM Homes Limited

Company Information

Directors

Ian Hares
John Gornall

Secretary

Claire Craigie

Registered office

Croft Road
Crossflatts
Bingley
West Yorkshire
BD16 2UA

NRAM Homes Limited

Directors' Report for the 12 months to 31 March 2020

The Directors present their report together with the audited Financial Statements of NRAM Homes Limited ('the Company') for the 12 months to 31 March 2020.

Principal activities and business review

The Company is excluded from the small companies reporting regime due to its being a member of an ineligible group as defined in section 384 of the Companies Act 2006 ('the Act'). However, as permitted by section 414B of the Act the Company has not presented a Strategic Report as it would otherwise meet the small company criteria in section 382 of the Act.

The Company was incorporated in England and Wales and is a private limited company domiciled in England.

The principal activity of the Company was the development of residential housing for sale. The main objectives of the Company were to provide housing at low cost, mainly for first time buyers, and to assist in the revitalisation of inner city housing stock. The Company has completed its activities in the development of residential projects, however it retains an interest in a small number of properties with value (principally the Sharebuy properties) which it intends to dispose of in due course.

Future outlook

The ultimate objective of the Group's parent UK Asset Resolution ('UKAR') is to return the taxpayer's investment in Bradford & Bingley plc ('B&B') and NRAM Limited ('NRAM') in full. As detailed in note 18, since the year end UKAR has re-started a process that, if successful, would result in the sale of its shareholding in the Company's immediate parent undertaking NRAM. In addition, since the year end the Company has started a process to dispose of all of its property interests with value including its freehold interest in Cleet Court along with its two Sharebuy interests at the property. The timescale for completion of the process cannot be accurately determined at the approval date of these financial statements. Following disposal of all of the Company's property interests with value it is the expectation of the Directors that the Company will be wound-up.

Results

The results for the year are shown in the Statement of Comprehensive Income on page 10. The profit after taxation was £30,311 (2019: £24,460 loss).

Dividends

No dividends were paid in the year (2019: £nil). The Directors do not recommend the payment of a final dividend for the year (2019: £nil).

Financial risk management objectives and policies

Financial risk is managed at group level and is discussed on pages 9 to 11 of the NRAM Group financial statements for the year ended 31 March 2020. Information regarding the Company's financial risk management objectives and policies is given in note 15 to the Financial Statements.

NRAM Homes Limited

Directors' Report for the 12 months to 31 March 2020 (continued)

Directors and their interests

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

John Gornall

Ian Hares

Ian Hares is also a director of NRAM.

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

Directors' indemnities

The Company has provided both Ian Hares and John Gornall with a Deed of Indemnity, which constituted 'qualifying third party indemnity provision' in accordance with the provisions of the Companies Act 2006. The Deeds were in force during the financial year ended 31 March 2020 and remain in force as at the date of approval of this Director's Report. UKAR has also arranged Directors' and Officers' Insurance on behalf of the Directors in accordance with the provisions of the Companies Act 2006.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have prepared the Financial Statements in accordance with International 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 if it is presumed the Company will continue in business. As explained in note 1(b) to the Financial Statements the Directors are of the opinion that the cessation of the Company's trade in the foreseeable future is not sufficiently certain that the Financial Statements should be prepared on a basis other than that of a going concern, and hence the Financial Statements have been prepared on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NRAM Homes Limited

Directors' Report for the 12 months to 31 March 2020 (continued)

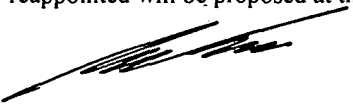
Disclosure of information to auditors

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

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

Independent auditors

The National Audit Office have indicated their willingness to continue in office. A resolution that they be reappointed will be proposed at the forthcoming Annual General Meeting.



On behalf of the Board
Ian Hares
Director
5 November 2020

NRAM Homes Limited

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

Opinion on financial statements

I have audited the financial statements of NRAM Homes Limited for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards (IFRS) 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 2020 and of the profit 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.

Material uncertainty related to going concern

Without modifying my opinion, I draw attention to Note 1 (b) which indicates that the Directors intention for the Company is for the remaining property interests with value to be sold and that there is a material uncertainty as to whether it will continue to trade following the asset sale. This note also indicates that UK Asset Resolution Ltd has launched a process to sell its shareholding in NRAM Homes Ltd's parent company, NRAM Ltd. and that it is uncertain whether NRAM Homes Ltd will continue to trade following this sale. These circumstances cast significant doubt on the entity's ability to continue as a going concern. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

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 NRAM Homes 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.

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.

NRAM Homes Limited

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

(continued)

Auditor's responsibilities for the audit of the financial statements

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 NRAM Homes Limited's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of NRAM Homes Limited'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 NRAM Homes Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause NRAM Homes Limited to cease to continue as a going concern.

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.

NRAM Homes Limited

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

(continued)

Other Information

The directors are responsible for the other information. The other information comprises information included in the Director's 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 Directors' Report; and
- the information given in the 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 by NRAM Homes Limited, 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)

5 November 2020

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

NRAM Homes Limited

Statement of Comprehensive Income for the 12 months to 31 March 2020

	Note	12 months to 31 Mar 2020 £	12 months to 31 Mar 2019 £
Profit on disposal of Sharebuy properties	7	28,306	-
Rental income	19	990	990
Profit on disposal of other property interests	7	2,000	500
Property costs		-	(3,019)
Legal and professional fees		(7,651)	(17,618)
Impairment credit/(charge) on other receivables	9	7,136	(10,704)
Interest expense		-	(226)
Profit/(loss) before tax		30,781	(30,077)
Taxation	6	(470)	5,617
Total comprehensive income/(expense) for the financial year attributable to owners of the parent company		30,311	(24,460)

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

The results above arise from continuing activities.

NRAM Homes Limited

Balance Sheet as at 31 March 2020

Registered Number: 02306045

	Note	At 31 March 2020 £	Restated* At 31 March 2019 £	Restated* At 1 April 2018 £
Assets				
Non-current assets				
Sharebuy properties	7	74,950	93,700	93,700
Total non-current assets		74,950	93,700	93,700
Current assets				
Accrued income		-	-	117,739
Other receivables	8	1,784	16,035	19,800
Deferred tax		-	-	128
Corporation tax		1,151	1,621	-
Other assets	10	204,565	147,475	48,837
Total current assets		207,500	165,131	186,504
Total assets		282,450	258,831	280,204
Equity and liabilities				
Current liabilities				
Deferred income	8	248	248	248
Other liabilities	11	6,024	12,716	-
Corporation tax		-	-	9,629
Total liabilities		6,272	12,964	9,877
Equity				
Ordinary shares	12	6	6	6
Retained earnings		276,172	245,861	270,321
Total equity		276,178	245,867	270,327
Total equity and liabilities		282,450	258,831	280,204

* The Balance Sheets as at 31 March 2019 and 1 April 2018 have been restated as detailed in note 2.

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

The Financial Statements on pages 10 to 25 were approved by the Board of Directors and authorised for issue on 5 November 2020 and signed on its behalf by:



Ian Hares
Director

NRAM Homes Limited

Statement of Changes in Equity for the 12 months to 31 March 2020

	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 April 2019 as previously reported	6	210,861	210,867
Restatement adjustment	-	35,000	35,000
Balance at 1 April 2019 (restated*)	6	245,861	245,867
Total comprehensive income for the year	-	30,311	30,311
Balance at 31 March 2020	6	276,172	276,178

Restated for the 12 months to 31 March 2019

	Ordinary shares £	Retained earnings £	Total equity £
Balance at 1 April 2018 as previously reported	6	235,321	235,327
Restatement adjustment	-	35,000	35,000
Balance at 1 April 2018 (restated*)	6	270,321	270,327
Total comprehensive expense for the year	-	(24,460)	(24,460)
Balance at 31 March 2019	6	245,861	245,867

* Retained earnings as at 1 April 2018 and 31 March 2019 have been restated as detailed in note 2.

NRAM Homes Limited

Cash Flow Statement for the 12 months to 31 March 2020

During the current and previous year the Company had no cash flows. Cash transactions made by NRAM on the Company's behalf are reflected in the intercompany balance. Consequently no Cash Flow Statement has been presented for either year.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020

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

1 Principal accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Statement of compliance

The Company's Financial Statements have been prepared and approved by the Directors in accordance with International 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 16 'Leases' with effect from 1 April 2019. No adjustments were required as a result. The Company's accounting policy in respect of leases is detailed in note 1(j) below.
- There have been no other significant changes to the Company's accounting policies since 31 March 2019.

All other new standards, amendments to standards and interpretations are not considered relevant to, and have no impact upon, the Financial Statements of the Company.

(b) Basis of preparation

The Financial Statements are prepared on the historical cost basis.

The Financial Statements are presented in pounds sterling, which is the currency of the Company's primary operating environment, and on a going concern basis. The validity of the going concern basis of accounting is dependent upon the funding position of the Company and on the Directors' expectations regarding the continuation of trading.

At 31 March 2020 the Company is reliant on NRAM, who provide banking facilities, making available, as required, the £204,565 that it holds on behalf of the Company.

NRAM has confirmed its intentions to honour all intragroup balances until at least 1 January 2022 subject to HM Treasury continuing to make available funding and guarantees to NRAM during this time. The Directors believe that NRAM will have sufficient resources to honour its commitment to the Company without recourse to HM Treasury support.

UKAR's ultimate objective is to return the taxpayer's investment in B&B and NRAM in full. During the year UKAR launched a process that, if successful, would result in the sale of its shareholding in the Company's immediate parent undertaking NRAM. Due to the COVID-19 pandemic the process was placed on hold in March 2020. Subsequent to the year end the process was re-started.

The Directors are of the opinion that the amount owed to the Company by NRAM would continue to be fully recoverable following a sale of NRAM by UKAR and that therefore the Company would continue to be a going concern. The Directors therefore consider it appropriate to prepare these Financial Statements on a going concern basis.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

1 Principal accounting policies (continued)

(b) Basis of preparation (continued)

IAS 1 'Presentation of Financial Statements' requires that financial statements not be prepared on a going concern basis where management intends to cease trading. The Directors intend that the Company's remaining property interests with value be sold and consider that there is a material uncertainty as to whether the Company will continue to trade following the asset sales. However, the Directors are of the opinion that the cessation of the Company's trade in the foreseeable future is not sufficiently certain that the Financial Statements should not be prepared on a going concern basis and the Directors believe that for the foreseeable future the Company will be able to meet all of its financial obligations as they fall due.

Whether the company continues to trade after NRAM has been sold is also uncertain. However, the Directors are of the opinion that the cessation of the Company's trade in the foreseeable future is not sufficiently certain that the Financial Statements should not be prepared on a going concern basis, and hence the Financial Statements have been prepared on a going concern basis.

The Financial Statements have been prepared in accordance with EU-adopted IFRS, IFRIC 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 3).

(c) Sharebuy properties

The Company's equity share of Sharebuy properties represents freehold and long leasehold land and buildings. These are recognised as investment properties in accordance with IAS 40 'Investment Property' and included in the Balance Sheet in accordance with IAS 16 'Property, Plant and Equipment'. IAS 16 requires that subsequently these assets shall be carried at cost less any accumulated depreciation and any accumulated impairment losses, however, no depreciation is currently being charged in respect of Sharebuy properties as the residual value of the properties is expected to exceed the current carrying values.

All Sharebuy properties are reviewed at each published Balance Sheet date for any indication of impairment. If there is indication of impairment, the carrying value is reviewed. If any impairment is identified, the asset is written down to the impaired value, being the higher of value in use and estimated net proceeds of sale, with the impairment being charged immediately to the Statement of Comprehensive Income.

(d) Taxation

(i) Current tax

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated arising from temporary differences between the carrying amounts of certain items for taxation and for accounting purposes.

(ii) Deferred tax

Deferred tax is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

1 Principal accounting policies (continued)

(e) Financial instruments

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

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

and each financial liability into one of two categories:

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

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

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

(f) Impairment of financial assets

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

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

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

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

(g) Property income

Property income represents amounts due from the tenants in relation to window repairs at one of the Company's freehold property interests.

(h) Property costs

Property costs represent expenses incurred in relation to the Company's freehold property interests.

(i) Legal and professional fees

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

(j) Rental income

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

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 **(continued)**

2 Restatement of comparatives

	Previously presented 31 March 2019 £	Adjustment £	Restated 31 March 2019 £
Balance Sheet			
Sharebuy properties	58,700	35,000	93,700
Retained earnings	(210,861)	(35,000)	(245,861)

	Previously presented 1 April 2018 £	Adjustment £	Restated 1 April 2018 £
Balance Sheet			
Sharebuy properties	58,700	35,000	93,700
Retained earnings	(235,321)	(35,000)	(270,321)

The Directors have identified errors in the previously reported Financial Statements of the Company for 31 March 2019 and 31 March 2018. As these errors are considered material, the comparative figures in these 2020 Financial Statements have been restated to present the corrected amounts in accordance with the approach for correction of prior period errors set out in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The composition of the stock of Sharebuy properties held at 31 March 2018 had been incorrectly recorded. The total carrying amount of Sharebuy properties was understated by £35,000.

3 Critical accounting judgements and estimates

In preparation of the Company's Financial Statements, judgements and estimates may be made which may affect the reported amounts of assets and liabilities; judgements and estimates are kept under continuous evaluation and are based on historical experience, expectations of future events and other factors.

Judgements

At 31 March 2020 the Directors consider that the carrying amount of the Sharebuy properties is not impaired; further detail is provided in note 7.

Estimates

ECL

The estimation of expected credit losses is based on management's assessment of the recoverability of the outstanding amounts as at the balance sheet date; further detail including the sensitivity of the impairment provision to the assumptions used is provided in notes 8 and 9.

Fair value of property interests

The estimation of the fair value of the Company's property interests are based on valuations provided by third party valuers as detailed in note 7. These valuations have been updated to reflect the impact of house price inflation from the date of valuation to the balance sheet date. Due to the impact on markets of the COVID-19 pandemic and Brexit the values as at 31 March 2020 were subject to uncertainty.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

4 Auditor's remuneration

The audit fee of £10,000 (2019: £7,000) has been included in the overall audit fee for the NRAM group, and has been paid and borne by NRAM. Details of the overall fee can be found in NRAM's 2020 Annual Report and Accounts.

5 Employees' and Directors' emoluments

There were no employees during the year (2019: none) and the Directors did not receive emoluments in respect of their services to the Company during the year (2019: £nil).

6 Taxation

	12 months to 31 March 2020 £	12 months to 31 March 2019 £
The income tax charge/(credit) comprises:		
UK corporation tax on profits/(losses) for the year	470	(5,617)
Income tax charge/(credit)	470	(5,617)

The tax charge represents 1.5% (2019: 19% credit) of the Company's profit/loss before tax.

The tax on the Company's profit/loss before tax differs from the theoretical amount that would arise using the standard weighted average rate of UK corporation tax of 19% (2019: 19%) as follows:

	12 months to 31 March 2020 £	12 months to 31 March 2019 £
Profit/(loss) before taxation	30,781	(30,077)
Tax calculated at rate of 19% (2019: 19%)	(5,848)	5,715
Effects of:		
- adjustments in respect of prior periods	-	(98)
- adjustment for items taxed under capital gains	5,378	-
Total taxation (charge)/credit for the year	(470)	5,617

Taxation appropriately reflects changes in tax rates which have been substantively enacted by 31 March 2020.

The taxable gain on the disposal of the Sharebuy property during the year was reduced to nil as a result of indexation.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

7 Sharebuy properties

Freehold and long leasehold land and buildings	12 months to 31 March 2020	Restated* 12 months to 31 March 2019
	£	£
Cost		
At beginning of year (1 April 2018 restated*)	93,700	93,700
Disposal	(18,750)	-
At end of year (31 March 2019 restated*)	74,950	93,700

* The Sharebuy properties balance as at 31 March 2018 and 1 April 2018 have been restated as detailed in note 2.

Under the terms of the contracts with residents, the Company's interests in Sharebuy properties can only be realised when residents decide to sell the properties, or when residents exercise their option to increase their own equity share.

During the year the Company disposed of its interest in one of its Sharebuy property interests resulting in a profit on disposal of £28,306.

The Directors have obtained professional third party valuations of the Sharebuy properties at a total of £162,100 (2019: £129,800). Consequently the Directors do not believe the Sharebuy properties show indication of impairment at 31 March 2020.

In addition to the Sharebuy properties above, the Company has certain further property interests which are carried at their original cost of £nil. The Directors have obtained open market valuations for these, and believe the total fair value to be £58,586 (2019: £76,350). The Directors expect that the aggregate costs of sale of these property interests would significantly reduce any profit on sale. During the year the Company disposed of four properties, with a carrying value of £nil, receiving proceeds of £2,000 from the disposal.

The valuations of the Sharebuy and other property interests were carried out between October 2018 and April 2020 by an external, Royal Institute of Chartered Surveyors registered valuer with the necessary expertise and experience to undertake the valuation. Where necessary, these valuations have been updated to reflect the impact of house price inflation from the date of valuation to the balance sheet date.

8 Other receivables

	At 31 March 2020	At 31 March 2019
	£	£
Amount due from property manager	-	990
Amounts due from tenants	5,352	25,749
	5,352	26,739
Impairment (see note 9)	(3,568)	(10,704)
	1,784	16,035

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

8 Other receivables (continued)

Ground rental income of £990 per year due to the Company for Cleet Court is held in a client account managed by the property manager. The amount outstanding in the prior year was received during the year.

The £248 (2019: £248) included in the Balance Sheet as deferred income represents the portion of the ground rent that has been received in advance.

At 31 March 2020 the amounts due from tenants are classified as stage 3 as defined by IFRS 9 as they are over 90 days past due.

Of the other receivables totalling £10,704 which were fully impaired at 31 March 2019, £5,352 were collected in full in September 2019.

9 Impairment on other receivables

Allowances for ECLs against other receivables have been made as follows:

	Total £
At 1 April 2019	(10,704)
- impairment credit	7,136
At 31 March 2020	(3,568)

The allowances comprise lifetime expected credit losses in respect of amounts due from the tenants which are classified as stage 3 as defined by IFRS 9. The impairment provision is determined by management for each individual debtor balance taking in to account all available relevant information. The carrying amount net of impairment provision represents management's best estimate of the probability-weighted recoverable amount. This assessment is a key sensitivity to the Company. Of the other receivables totalling £10,704, which were fully impaired at 31 March 2019, £5,352 were collected in full in September 2019. In respect of the £5,352 of other receivables remaining at 31 March 2020 impairment of £3,568 has been provided, representing 66.7% of the outstanding balance. If instead a provision had been made of 50% of the outstanding balance then the impairment provision would have been £892 lower than has been provided; if a provision had been made of 75% of the outstanding balance then the impairment provision would have been £446 higher than has been provided.

10 Other assets

	At 31 March 2020 £	At 31 March 2019 £
Amounts owed by parent undertaking	204,565	147,475

Amounts owed by the parent undertaking are unsecured, do not carry any interest and are payable on demand. These amounts are classified as stage 1 as defined by IFRS 9. ECLs arising in the 12 months to 31 March 2020 are not material, and no provision has been made.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 **(continued)**

11 Other liabilities

	At 31 March 2020 £	At 31 March 2019 £
Accruals	6,024	12,716

The accruals balance at 31 March 2020 relates to professional fees that were incurred during the year but were invoiced after the Balance Sheet date.

12 Ordinary shares

	At 31 March 2020 £	At 31 March 2019 £
Authorised		
1,000 (2019: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
6 (2019: 6) ordinary shares of £1 each	6	6

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

13 Related party transactions

	£
Amounts owed by NRAM (see note 10):	
Loan outstanding at 1 April 2019	147,475
Property income received	22,407
Sharebuy property sale proceeds received	49,000
Ground rent debtor received	1,980
2018/19 accruals paid by NRAM	(12,716)
Legal and professional fees paid by NRAM	(3,581)
Loan outstanding at 31 March 2020	204,565

The audit fee of £10,000 (2019: £7,000) has been included in the overall audit fee for the NRAM group, and has been paid and borne by NRAM.

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

14 Financial instruments

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

31 March 2020	Assets at amortised cost £	Total carrying value £	Fair value £
Other receivables	1,784	1,784	1,784
Other assets	204,565	204,565	204,565
Total financial assets	206,349	206,349	206,349

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

31 March 2019	Loans and receivables £	Total carrying value £	Fair value £
Other receivables	16,035	16,035	16,035
Other assets	147,475	147,475	147,475
Total financial assets	163,510	163,510	163,510

	Liabilities at amortised cost £	Total carrying value £	Fair value £
Other liabilities	12,716	12,716	12,716
Total financial liabilities	12,716	12,716	12,716

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 **(continued)**

14 Financial instruments (continued)

(b) Fair value measurement

For financial assets and liabilities which are not carried at fair value, the fair values disclosed in note 14(a) are calculated on the following bases as defined by IFRS 13 'Fair Value Measurements':

At 31 March 2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Other receivables	-	-	1,784	1,784
Other assets	204,565	-	-	204,565
Total financial assets	204,565	-	1,784	206,349
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial liabilities				
Other liabilities	6,024	-	-	6,024
Total financial liabilities	6,024	-	-	6,024
At 31 March 2019	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Other receivables	16,035	-	-	16,035
Other assets	147,475	-	-	147,475
Total financial assets	163,510	-	-	163,510
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial liabilities				
Other liabilities	12,716	-	-	12,716
Total financial liabilities	12,716	-	-	12,716

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

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

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

14 Financial instruments (continued)

(b) Fair value measurement (continued)

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

Other receivables

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

Other assets

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

Other liabilities

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

15 Financial risk management

The Company's exposure to credit risk, i.e. the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company, is the carrying value of the Company's other receivables and other assets. Details of impairment allowances against amounts due from tenants is provided in note 9.

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

16 Capital management

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

17 Ultimate parent undertaking

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

NRAM Homes Limited

Notes to the Financial Statements for the 12 months to 31 March 2020 (continued)

18 Events after the reporting period

During the year UKAR launched a process that, if successful, would result in the sale of its shareholding in the Company's immediate parent undertaking NRAM. Due to the COVID-19 pandemic the process was placed on hold in March 2020. Subsequent to the year end the process was re-started and if successful is expected to complete within the next 12 months.

Also subsequent to the year end the Company started a process to dispose of its freehold interest in Cleet Court along with its two Sharebuy interests at the property. If successful the transaction is expected to complete within the next 12 months. These assets were classified as held for sale when the Directors became committed to the plan to sell in May 2020.

19 Leases

The Company receives ground rent from the tenants of properties for which the Company holds the freehold interest. The Company considers the leasehold interests in the freehold property to be operating leases as defined in IFRS 16 'Leases'. The ground rent is fixed at a total of £990 per year until the end of the lease term on 31 March 2111.