

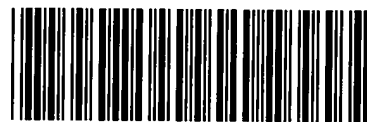
LEEK UNITED HOME LOANS LIMITED

ANNUAL REPORT

31 DECEMBER 2014

REGISTERED NUMBER: 2277333

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Leek United Home Loans Limited

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Leek United Home Loans Limited

Directors' Report for the year ended 31 December 2014

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2014.

Principal activities

The principal activities of the company are to hold and collect debts secured on residential property and land.

Review of the business and future developments

At 31 December 2014 the company was a direct wholly owned subsidiary of Leek United Building Society.

The company forms part of the Leek United Building Society Group. Management monitor the Key Performance Indicators at a Group level, therefore it is on this basis that they have been discussed in the Leek United Building Society Report and Accounts and not in the individual Company Financial Statements.

At 31 December 2014 the amount due from Leek United Building Society was £121,140 (2013: £122,570).

The directors do not expect any material change in the trading activities of the company in the foreseeable future.

The only material risk faced by Leek United Home Loans Limited is credit risk arising from its mortgage book. The management of the risk is actively monitored and controlled by Leek United Building Society.

Having fully considered the financial strength of the company and the current financial market, the directors are satisfied the company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Registered number: 2277333

Results and dividends

The company's profit for the financial year is £2,082 (2013: £2,183). The directors do not recommend the payment of a dividend and £2,082 (2013: £2,183) has, therefore, been transferred to reserves.

Directors

The directors who were in office during the year and up to the date of signing the Financial Statements were:

P Kerns (Chairman)
K Wilson

Directors' Interests

No director has any beneficial interest in the share capital of the company, all of which is owned by Leek United Building Society. None of the directors is or has been interested during the year in any contracts with the company. All of the directors are directors of Leek United Building Society and their interests are shown in the statutory accounts of the Society.

Leek United Home Loans Limited

Directors' Report for the year ended 31 December 2014 (continued)

Creditor payment policy

For all trade creditors it is the company's policy to agree the terms of payment at the start of trading with that supplier and to pay in accordance with its contractual and other legal obligations.


Qualifying Indemnity Provision

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 23A of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The parent undertaking also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the company and its Directors.

Independent Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



K WILSON
Director

25 March 2015

Leek United Home Loans Limited

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 year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

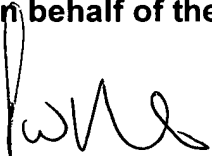
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Provision of information to Auditors

Each person who is a director at the date of approval of this Report confirms that:

- so far as the director is aware, there is no relevant audit information which the company's auditors are unaware; and
- each director has taken all 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.

On behalf of the board



P KERNS
Chairman

25 March 2015

Leek United Home Loans Limited

Independent Auditors' Report to the members of Leek United Home Loans Limited

Report on the financial statements

Our opinion

In our opinion, Leek United Home Loans Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Leek United Home Loans Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

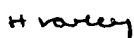
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

25 March 2015

Leek United Home Loans Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover		7,909	7,928
Gross profit		7,909	7,928
Administrative expenses	3	(5,307)	(5,199)
Profit on ordinary activities before tax		2,602	2,729
Tax on profit on ordinary activities	4	(520)	(546)
Profit for the financial year		2,082	2,183

The above profit and loss account is in respect of continuing operations.

The company has no recognised gains and losses during the year other than the amounts stated above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before tax and profit for the financial year stated above, and their historical cost equivalents.



Leek United Home Loans Limited

Balance Sheet as at 31 December 2014

	Note	2014 £	2013 £
Current assets:			
Cash at bank and in hand		11,830	6,260
Loans and advances to customers:			
repayable within one year	5	1,095	-
repayable in more than one year	5	151,091	154,164
Debtors: amounts falling due within one year	6	121,140	122,570
		<hr/>	<hr/>
		285,156	282,994
Creditors: amounts falling due within one year	7	(5,820)	(5,740)
		<hr/>	<hr/>
Total assets less current liabilities		279,336	277,254
		<hr/>	<hr/>
Capital and reserves:			
Called up share capital	8	100	100
Profit and loss account	9	279,236	277,154
		<hr/>	<hr/>
Total equity shareholders' funds	10	279,336	277,254
		<hr/>	<hr/>

The accounts on pages 9 to 14 were approved by the board of directors on 25 March 2015 and signed on its behalf by:

P KERNS
K WILSON

Chairman 
Director 

Registered Number: 2277333

Leek United Home Loans Limited

Notes to the Accounts – for the year ended 31 December 2014

1. Accounting Policies

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and generally accepted accounting principles in the United Kingdom (UK GAAP) and are included in the consolidated Financial Statements of Leek United Building Society. The principal accounting policies, which have been consistently applied are set out below.

The directors have adapted the arrangement of certain headings in the profit and loss account to reflect more effectively and more accurately the nature of the company's activities. In particular turnover represents interest receivable.

(b) Turnover

Turnover represents gross interest receivable for the company's principal activity. Interest in respect of all loans is credited to the profit and loss account as it becomes receivable, except in respect of advances where the property has been taken into possession and where the interest is considered irrecoverable. All turnover is derived from within the United Kingdom.

(c) Tax

Corporation tax is charged on the profit on ordinary activities for the year as adjusted for tax purposes.

(d) Provisions for losses on loans and advances.

Provision is made for all incurred losses on loans and advances based upon the following:

Specific provisions are made against mortgage loans on a case by case basis to cover anticipated losses in respect of all accounts that are in arrears or on concessions and where a probable loss has been identified. Anticipated losses on such accounts are calculated as the difference between the current achievable market value of the security, based on current valuations of the property performed by qualified local surveyors, and the outstanding loan balance, after making appropriate allowance for costs of repossession, appropriate discounts on sale and any amounts recoverable under external loss insurance.

General provisions are made to reflect the probability that other loans may also be impaired at the balance sheet date, with the result that the amount outstanding may not be recoverable in full. The provision is based upon the company's experience, current economic trends and consistency with industry levels.

(e) Cash flow statement

The company is a wholly-owned subsidiary of Leek United Building Society and is included in the financial statements of Leek United Building Society, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996).

Leek United Home Loans Limited

Notes to the Accounts – for the year ended 31 December 2014 (continued)

2. Directors' Emoluments

None of the directors received any remuneration or pension entitlements for services to the company during the year. K Wilson receives salary and pension entitlements as a factor of his employment by Leek United Building Society. P Kerns receives fees for the provision of his services as a factor of his Non-Executive Director role in Leek United Building Society. He does not receive any other benefits or pension entitlement.

The company has no employees (2013: none).

3. Administrative Expenses	2014 £	2013 £
Auditors' remuneration	5,300	5,194
Other management costs	7	5
	<hr/> 5,307	<hr/> 5,199

4. Tax on Profit on ordinary activities	2014 £	2013 £
(a) United Kingdom corporation tax at 20% (2013: 20%)		
Current tax	<hr/> 520	<hr/> 546

There are no items giving rise to deferred tax.

(b) Factors affecting the current tax charge in the year.

The tax assessed for the year is equivalent to (2013: equivalent to) the standard effective rate of corporation tax in the UK for the year ended 31 December 2014 of 20% (2013: 20%).

The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<hr/> 2,602	<hr/> 2,729
Tax on profit at UK standard rate of tax 20% (2013: 20%)	<hr/> 520	<hr/> 546

Leek United Home Loans Limited

Notes to the Accounts – for the year ended 31 December 2014 (continued)

5. Loans and Advances to Customers

Loans and advances to customers represent advances secured on residential property and other advances secured on land and are repayable from the balance sheet date as follows:

	2014 £	2013 £
Repayable within one year	1,095	-
Repayable in more than one year	151,091	154,164
	<u>152,186</u>	<u>154,164</u>

The advances are in general for a period of 5 to 25 years, are payable in full at the end of that period and may be redeemed at any time at the option of the borrower. The above analysis may not reflect actual experience of repayments since many mortgage loans are repaid early. There are no provisions for losses on loans and advances (2013: Nil).

6. Debtors: amounts falling due within one year

	2014 £	2013 £
Amount due from parent undertaking	121,140	122,570

This is repayable on demand and is interest free.

7. Creditors: amounts falling due within one year

	2014 £	2013 £
Corporation tax	520	546
Accruals and deferred income	5,300	5,194
	<u>5,820</u>	<u>5,740</u>

8. Called up share capital

	2014 £	2013 £
Authorised, allotted, called up and fully paid 100 Ordinary shares (2013: 1,000) of £1 each	100	100

9. Profit and loss account

	2014 £	2013 £
At 1 January	277,154	274,971
Profit for the financial year	2,082	2,183
At 31 December	<u>279,236</u>	<u>277,154</u>

Leek United Home Loans Limited

Notes to the Accounts – for the year ended 31 December 2014 (continued)

10. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Total shareholders' funds at 1 January	277,254	275,071
Profit for the financial year	2,082	2,183
Total shareholders' funds at 31 December	279,336	277,254

11. Capital commitments

There is no capital expenditure which has been contracted for that has not been provided for in the financial statements (2013: Nil).

12. Related party transactions

Full disclosure of transactions and balances with the ultimate parent undertaking, which are eliminated on consolidation, are not made in these accounts because under the wholly owned provision (FRS8: Related Party Disclosures) they are exempt from the related party disclosure requirements. Classification of such transactions and balances in other notes to these accounts are disclosed as appropriate.

13. Ultimate parent undertaking

The ultimate parent undertaking is Leek United Building Society which is registered in England and Wales under the Building Societies Act 1986. It is the parent undertaking of both the largest and the smallest groups of undertakings to consolidate these financial statements at 31 December 2014.

The Report and Accounts of the ultimate parent undertaking may be obtained from the Secretary at 50, St Edward Street, Leek, Staffordshire, ST13 5DL.