

Registered number: SC113202

Dunfermline BS Nominees Limited

**Unaudited Annual Report and Financial Statements
for the year ended 31 March 2019**



DUNFERMLINE BS NOMINEES LIMITED

Directors and company information

Directors

T Prestedge

A Robb

J Tibbles

Company secretary

NBS CoSec Limited

Registered office

Caledonia House

Carnegie Avenue

Dunfermline

KY11 8PJ

Registered number

SC113202

DUNFERMLINE BS NOMINEES LIMITED

Directors' report for the year ended 31 March 2019

The directors present their annual report and the unaudited financial statements for the year ended 31 March 2019.

As set out in the statement of accounting policies, the annual report and financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The directors have opted to take advantage of the audit exemption available to the Company under Section 479A of the Companies Act 2006, as a subsidiary of Nationwide Building Society.

Principal activities

Dunfermline BS Nominees Limited ('the Company') is a wholly owned subsidiary of Nationwide Building Society ('the Group').

The principal activity of the Company continues to be the management of property. The Company leases its asset, Caledonia House, to its parent undertaking. The duration of the lease, which commenced in 1994, is 25 years at an annual rent of £450,000. Rent reviews are carried out at 5 yearly intervals, the last review being on 13 August 2014. The Company has a 999 year ground lease in relation to Carnegie Campus upon which Caledonia House resides.

Results and dividends

The profit after tax was £94,750 (2018: £51,435). No dividends were proposed or paid during the year (2018: £nil). The retained earnings carried forward are £2,323,134 (2018: £2,228,384).

Future developments

It is the directors' intention for the Company to continue to generate rental income from the investment property for the foreseeable future.

Employees

The Company has no employees (2018: nil). All staff, including the Company's directors, are employed by Nationwide Building Society.

Environment

The Company's environmental policy is set at a Group level. The Group remains committed to managing its environmental impacts and its ambition is to look for better, cleaner ways to run its operations.

Further details of the Group's activities can be found in the Strategic Report in its Annual Report and Accounts and on Nationwide Building Society's website at nationwide.co.uk

DUNFERMLINE BS NOMINEES LIMITED

Directors' report for the year ended 31 March 2019 (continued)

Directors and directors' interests

The Board of directors at the date of approval of the Directors' report is shown on page 1.

At no time during the year have the directors, or their families, had any beneficial interest in the shares of the Company. None of the directors had a material interest in any contract significant to the Company's business.

Company secretary

V Orme (resigned 18 January 2019)
NBS CoSec Limited (appointed 21 January 2019)

Domicile

The Company is a private company limited by shares. It is incorporated, registered, domiciled and operates in Scotland. The registered office is Caledonia House, Carnegie Avenue, Dunfermline KY11 8PJ.

Going concern

The Company is fully funded by its parent undertaking, Nationwide Building Society. Nationwide Building Society's Board of directors has confirmed that it will continue to fund the Company's activities for the foreseeable future. The foreseeable future is considered for this purpose to be a period of at least 12 months from the date of approval of the financial statements. Taking this into account, the directors have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future.

Risk overview

The Company's principal exposure to risk is credit risk on the amounts due from the parent undertaking. This risk is considered to be low.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and 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 applicable law and United Kingdom Accounting Standards (UK GAAP), including FRS 101.

DUNFERMLINE BS NOMINEES LIMITED

Directors' report for the year ended 31 March 2019 (continued)

Statement of directors' responsibilities (continued)

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK GAAP standards, including FRS 101, 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.

Approved by the Board of directors and signed on its behalf by


JOHN TIBBLES
Director

2 DECEMBER 2019

DUNFERMLINE BS NOMINEES LIMITED**Statement of comprehensive income for the year ended 31 March 2019 (unaudited)**

	Notes	2019 £	2018 £
Rental income		450,000	450,000
Decrease in fair value of investment property		(325,000)	(250,000)
Operating profit		125,000	200,000
Interest receivable and similar income		-	15
Interest expense and similar charges	3	-	(9,630)
Profit before tax		125,000	190,385
Taxation	4	(30,250)	(138,950)
Profit after tax, being total comprehensive income for the year		94,750	51,435

The notes on pages 8 to 13 form part of these financial statements.

DUNFERMLINE BS NOMINEES LIMITED

Registered number: SC113202

Balance sheet as at 31 March 2019 (unaudited)

	Notes	2019 £	2018 £
Assets			
Non current assets			
Investment property	5	775,000	1,100,000
Deferred tax asset	4	941,290	886,040
Current assets			
Amounts due from parent undertaking	6	649,596	283,277
Total assets		2,365,886	2,269,317
Liabilities			
Current liabilities			
Current tax liability		42,750	40,931
Total liabilities		42,750	40,931
Equity			
Share capital	7	2	2
Retained earnings		2,323,134	2,228,384
Total equity		2,323,136	2,228,386
Total equity and liabilities		2,365,886	2,269,317

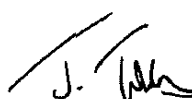
The notes on pages 8 to 13 form part of these financial statements.

For the year ending 31 March 2019, the Company was entitled to an exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of directors on 2 ~~DECEMBER~~ 2019.


JOHN TIBBLES
Director

DUNFERMLINE BS NOMINEES LIMITED**Statement of changes in equity for the year ended 31 March 2019 (unaudited)**

	Share capital £	2019 Retained earnings £	Total £	Share capital £	2018 Retained earnings £	Total £
At 1 April	2	2,228,384	2,228,386	2	2,176,949	2,176,951
Total comprehensive income	-	94,750	94,750	-	51,435	51,435
At 31 March	2	2,323,134	2,323,136	2	2,228,384	2,228,386

The notes on pages 8 to 13 form part of these financial statements.

DUNFERMLINE BS NOMINEES LIMITED

Notes to the financial statements for the year ended 31 March 2019 (unaudited)

1 Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention. As stated in the Directors' report, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Accounting policies have been consistently applied in preparing these financial statements, except for changes arising from adoption of new and revised International Financial Reporting Standards (IFRS).

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of International Accounting Standard (IAS) 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement'.

Further information about judgements in applying accounting policies and critical accounting estimates is provided in note 2.

Adoption of new and revised standards

The Company has adopted IFRS 9 'Financial Instruments' with effect from 1 April 2018. The adoption of this standard had no significant impact for the Company, including no transitional impact.

a) Rental income

Revenue derived from investment property is recognised in the statement of comprehensive income on an accruals basis as services are provided. Rental income, together with any incentives, is recognised on a straight line basis over the lease term. Provision is made for any rents due but not considered collectable.

b) Interest expense and similar charges

Interest due on the outstanding loan with the Company's parent undertaking is calculated monthly and capitalised on the balance sheet against the loan. The interest charged is treated as an expense in the statement of comprehensive income.

DUNFERMLINE BS NOMINEES LIMITED

Notes to the financial statements for the year ended 31 March 2019 (unaudited) (continued)

1 Statement of accounting policies (continued)

c) Taxation including deferred tax

Current tax payable on profits is recognised as an expense in the period in which profits arise.

Deferred tax is provided in full, 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 is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle on a net basis.

d) Investment property

The investment property, which comprises property held for rental, is stated at fair value. The property is revalued annually by an external qualified valuer, in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Professional Standards (incorporating the International Valuation Standards). Changes in fair value are included in the statement of comprehensive income. Depreciation is not charged on the investment property.

e) Financial assets

Financial assets comprise of amounts due from the parent undertaking.

Recognition and derecognition

All financial assets are recognised initially at fair value. Financial assets are derecognised when the rights to receive cash flows have expired or where the assets have been transferred and substantially all the risks and rewards of ownership have been transferred.

The fair value of a financial asset on initial recognition is the transaction price.

Classification and measurement

The classification and subsequent measurement of financial assets is based on an assessment of the Company's business models for managing the assets and their contractual cash flow characteristics. All of the Company's financial assets are held at amortised cost.

DUNFERMLINE BS NOMINEES LIMITED

Notes to the financial statements for the year ended 31 March 2019 (unaudited) (continued)

1 Statement of accounting policies (continued)

e) Financial assets (continued)

Amortised cost

Financial assets held to collect contractual cash flows and where contractual terms comprise solely payments of principal and interest (SPPI) are classified as amortised cost. This category of financial assets includes amounts due from the parent undertaking.

Financial assets within this category are recognised when the funds are advanced to borrowers. After initial recognition, the assets are measured at amortised cost using the effective interest rate method, less provisions for expected credit losses.

f) Impairment of financial assets

The Company assesses all financial instruments within scope of IFRS 9 expected credit loss (ECL) requirements and where appropriate recognises an impairment provision. Financial assets within the scope of IFRS 9 are amounts due from the parent undertaking.

g) Share capital

Ordinary shares, net of directly attributable issue costs, are classified as equity.

Dividends paid on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the directors.

DUNFERMLINE BS NOMINEES LIMITED**Notes to the financial statements for the year ended 31 March 2019 (unaudited) (continued)****2 Judgements in applying accounting policies and critical accounting estimates**

The preparation of the Company's financial statements involves management making judgements and estimates when applying those accounting policies that affect the reported amounts of assets, liabilities, income and expense. Actual results may differ from those on which management's estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

3 Interest expense and similar charges

	2019	2018
	£	£
On amounts owed to parent undertaking	-	71
On corporation tax underpaid	-	9,559
Total	-	9,630

4 Taxation

Tax charge in the statement of comprehensive income	2019	2018
	£	£
Current tax:		
UK corporation tax	85,500	83,673
Adjustments in respect of prior years	-	97,777
Total current tax	85,500	181,450
Deferred tax:		
Current year	(55,250)	(42,500)
Total deferred tax	(55,250)	(42,500)
Taxation	30,250	138,950

The actual tax charge differs from to the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

	2019	2018
	£	£
Profit before tax	125,000	190,385
Tax calculated at a rate of 19%	23,750	36,173
Adjustments in respect of prior years	-	97,777
Deferred tax provided at different tax rates	6,500	5,000
Taxation	30,250	138,950

DUNFERMLINE BS NOMINEES LIMITED

Notes to the financial statements for the year ended 31 March 2019 (unaudited) (continued)

4 Taxation (continued)

Deferred taxation

Deferred tax is determined using tax rates and laws that are expected to apply in the period when the deferred tax asset is realised or deferred tax liability is settled based on rates enacted or substantively enacted at the balance sheet date.

The Finance Act 2016 was enacted on 15 September 2016 and reduced the corporation tax rate from 19% to 17% from 1 April 2020.

The movements on the deferred tax account, including the deferred tax credit in the statement of comprehensive income are as follows:

	2019 £	2018 £
At 1 April	886,040	843,540
Statement of comprehensive income credit:		
Investment property revaluation	55,250	42,500
At 31 March	941,290	886,040

The deferred tax asset is attributable to the following items:

	2019 £	2018 £
Investment property revaluation	941,290	886,040

The deferred tax asset is anticipated to be recoverable in more than one year. The Company considers that there will be sufficient future trading profits to utilise the deferred tax asset.

5 Investment property

	2019 £	2018 £
Valuation:		
At 1 April	1,100,000	1,350,000
Decrease in fair value	(325,000)	(250,000)
At 31 March	775,000	1,100,000

The investment property is leased by the Company's parent undertaking for 25 years from August 1994 with a rent of £450,000 per annum (2018: £450,000).

6 Amounts due from parent undertaking

Amounts due from parent undertaking of £649,596 (2018: £283,277) are held on deposit with Nationwide Building Society and are repayable on demand.

DUNFERMLINE BS NOMINEES LIMITED**Notes to the financial statements for the year ended 31 March 2019 (unaudited) (continued)****7 Share capital**

	2019	2018
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
Issued and fully paid:		
2 ordinary shares of £1 each	2	2

8 Leasing

The Company leases its principal asset, Caledonia House, to its parent undertaking. The duration of the lease, which commenced in 1994, is 25 years at an annual rent of £450,000 (2018: £450,000).

	2019	2018
	£	£
Payments receivable under non-cancellable leases	167,700	617,700

At the balance sheet date, total future minimum lease payments receivable under non-cancellable operating leases were as follows:

	2019	2018
	£	£
Amounts falling due:		
Within one year	167,700	450,000
Between one and five years	-	167,700
Total	167,700	617,700

9 Capital management

Capital comprises the retained earnings and share capital. Capital is managed on a Group basis.

Further information on the Group's capital position can be viewed in the solvency risk section of the Business and Risk report in its Annual Report and Accounts.

10 Parent undertaking and ultimate controlling party

The Company is a wholly owned subsidiary of Nationwide Building Society, its immediate and ultimate parent and controlling party, which is a building society incorporated and registered in England and Wales.

The results of Dunfermline BS Nominees Limited are included in the consolidated financial statements of Nationwide Building Society, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Nationwide Building Society is registered at Nationwide House, Pipers Way, Swindon, SN38 1NW. The Group Annual Report and Accounts can be obtained from this address or at nationwide.co.uk