

2129286

Norwich Union Mortgages
(General) Limited

(formerly St Stephen's Policies Limited)

1996



Contents

Directors and officers	2
Directors' report	3
Statement of Directors' responsibilities in respect of the accounts	4
Report of the Auditors	5
Balance sheet	6
Notes to the accounts	7

Directors and officers

Directors

J A Heyworth-Dunne
Chairman

A J Gunson

M Hodges

K L Sale

Officers

A J Gunson, FIA AIMR
General Manager

M D Oxbury, FCIS ACII
Secretary

Auditors

Ernst & Young

Head office and registered office

Surrey Street
Norwich
NR1 3NG

Registered in England and Wales - no. 2129286

Directors' report

to the Annual General Meeting 27 March 1997

The directors have pleasure in presenting their report on the operations of the company for the year ended 31 December 1996 together with the accounts.

Principal activity

The company carries on the business of the provision of commercial mortgages, which it commenced on 31 December 1996. In order to reflect this new business, the company changed its name, from St Stephen's Policies Limited, to Norwich Union Mortgages (General) Limited.

Review

On 31 December the company commenced trading and invested £428,020,498 in mortgage loans. This investment was funded by a loan from the parent undertaking of £ 427,920,500 and the issue of £ 99,995 ordinary shares at par.

Results and dividends

No income in respect of the investments accrued to the benefit of the company and no expenses were charged to the company during the year. Consequently no profit and loss account has been provided in these accounts.

The directors recommend that no dividend be paid for the year.

Directors and directors' interests

The names of the directors are given on page 2.

In addition, the following were directors from 1 January 1996 until their resignations on 23 December 1996:-

Mr A G Mills
Mr G Loades
Mr D W Plummer
Mr P J E Smith

Mr J A Heyworth-Dunne, Mr A J Gunson, Mr M Hodges and Mr K L Sale were appointed directors on 23 December 1996.

According to the register kept under section 325 of the Companies Act 1985, no director has any interest in any share or debenture of the company or any other group undertaking.

Liability insurance on behalf of directors and officers of the company has been effected by the company's parent undertaking.

Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution will be submitted at the meeting to reappoint them as auditors and to authorise the directors to fix their remuneration.

On behalf of the Board



James Heyworth-Dunne
Chairman

Norwich Union Mortgages (General) Limited
27 March 1997

Statement of Directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. 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.

Report of the Auditors

to the members of Norwich Union Mortgages (General) Limited

We have audited the accounts on pages 6 to 8, which have been prepared under the historical cost convention as modified by the revaluation of investments and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants

Registered Auditor
Norwich
27 March 1997

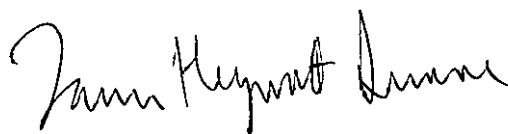
Balance sheet

at 31 December 1996

Notes

	1996 £	1995 £
Current assets		
1(c) Mortgages on Property		
Amounts falling due within one year	16,514,971	-
Amounts falling due after more than one year	411,505,527	-
	<u>428,020,498</u>	<u>-</u>
Debtors	-	5
	<u>428,020,498</u>	<u>5</u>
Creditors		
4 Amounts falling due within one year	16,511,113	-
Net current assets	<u>411,509,385</u>	<u>5</u>
Total assets less current liabilities	<u>411,509,385</u>	<u>5</u>
Creditors		
5 Amounts falling due after more than one year	411,409,385	-
	<u>100,000</u>	<u>5</u>
Capital and reserves		
6 Called up share capital	100,000	5
Profit and loss account	-	-
	<u>100,000</u>	<u>5</u>

The notes on pages 7 and 8 form an integral part of these accounts.



James Heyworth-Dunne

Chairman

Norwich Union Mortgages (General) Limited

27 March 1997

Notes to the accounts

1 Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Cashflow statement

The company does not maintain banking facilities as it transacts all its business by means of a current account with the parent undertaking. Accordingly, no cash flow statement is presented.

(c) Investments in mortgages

Investments in mortgages are included at cost less provisions for bad debts.

2 Profit and Loss Account

The company commenced trading on 31 December 1996. No income accrued to the benefit of the company and no expenses were charged to the company during the year. Accordingly, no profit and loss account is presented.

There were no other recognised gains or losses for the year.

3 Directors' emoluments

No directors' emoluments are payable to the 4 (1995 - 4) directors during 1996 or 1995.

Notes to the accounts

	1996 £	1995 £
4 Creditors: Amounts falling due within one year		
Loan from parent undertaking	16,511,113	-

	1996 £	1995 £
5 Creditors: Amounts falling due after more than one year		
The total represents loans from the parent undertaking made to finance the company's activities which are repayable as follows:		
Due between one and two years	27,592,348	-
Due between two and five years	361,667,793	-
Due after more than five years	22,149,244	-
	411,409,385	-

	1996 £	1995 £
6 Share capital		
<i>Authorised:</i>		
5,000,000 ordinary shares of £1 each	5,000,000	1,000
<i>Allotted and fully paid:</i>		
100,000 ordinary shares of £1 each	100,000	5

	1996 £	1995 £
7 Reconciliation of movements in shareholders' funds		
Profit for the financial year	-	-
Shares issued at par	99,995	-
Balance at the beginning of the year	5	5
Balance at the end of the year	100,000	5

8 Related party transactions

Transactions with entities which are part of the Norwich Union Insurance group have not been disclosed as permitted under FRS 8 - Related Party Disclosures.

9 Ultimate parent undertaking

The ultimate parent undertaking is the Norwich Union Life Insurance Society registered in England and Wales. The accounts of the ultimate parent undertaking are available from the registered office, the address of which is noted on page 2.