

ANGLIA HOUSING ASSOCIATION LIMITEDDIRECTORS REPORT

The Directors are pleased to report on the accounting period ended 31 March 1989. Reference was made in last year's Directors Report that the development activities of the Association would be transferred to Nationwide Housing Trust Limited. An Instrument of Transfer was effected on 1 December 1988 and the Association's assets and liabilities were transferred to Nationwide Housing Trust Limited from that date.

Principal Business Activity

At the date of the Transfer the Association was marketing on eight sites. Sales during the accounting period up to that date amounted to £10,096,816 on 120 units. In addition the Association had under development 384 units. The principal activity of the Association was the development for sale of managed sheltered units for the elderly. Since 1 December 1988 sales of completed units have been included within the accounts of Nationwide Housing Trust Limited.

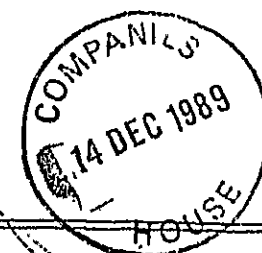
The Association has developed sites mainly in the south of England and these have been the ones most adversely affected by the housing market changes experienced in the last few months of 1988. All schemes were re-appraised during January 1989 based upon valuations provided by the Society's Staff Surveyors and four schemes were projected to show total losses of £508,500. It is considered prudent to include these budgeted, but not actual, losses in these Accounts. The Accounts, after these adjustments have taken place, show a gross loss of £208,466 and after adjustment for tax, a net loss of £136,466. On the same basis schemes in the portfolio transferred to Nationwide Housing Trust Limited show a profit £226,300 on sales of units marketed since 1 December 1988 and these figures are reflected in the Trust's accounts for the year ended 31 March 1989. In addition, the Association's schemes, based upon the same prudent re-assessment, show an estimated future profit for the Trust in excess of £1 million.

Directors

With effect from the Transfer Date, Messrs L. Austin-Crowe, BSc FRICS, B.J. Clayton, JP FSVA, J.R. Dove, FCA ATII, J.B. Frampton, FRICS ACBSI, A.G. Stoughton-Harris, FCA and J.E.G. Tubbutt all resigned. Mr. A.L. Chorley was elected Chairman with P.H. Lamb FRICS remaining as the only other director. Messrs L. Austin-Crowe, A.L. Chorley and J.B. Frampton joined the Board of Nationwide Housing Trust Limited on the Transfer Date.

Staff

Mr. A. Garnett the Association's Administrator, chose to take early retirement on the Transfer. The employment of all other members of the Association's staff has continued within the Trust.



ANGLIA HOUSING ASSOCIATION LIMITEDDIRECTORS REPORT

(Continued)

Close Company Status

So far as the Directors are aware the Company is a close company within the meaning of the Income and Corporation Tax Act 1970, as amended.

Auditors

Consistent with the transfer of business to the Trust and in agreement with the present auditors Coopers and Lybrand, a resolution to appoint Touche Ross & Co. as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



A.L. Chorley  
Secretary  
22 May 1989

AUDITORS REPORT TO THE MEMBERS OF THE

ANGLIA HOUSING ASSOCIATION LIMITED

We have audited the financial statements set out on pages 4 to 8 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1989 and of the loss for the year then ended and comply with the Companies Act 1985.

The financial statements do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants  
NORTHAMPTON 22 May 1989

ANGLIA HOUSING ASSOCIATION LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1989

	<u>Notes</u>	<u>12 Months Ended</u> <u>31st March 1989</u>		<u>15 Months Ended</u> <u>31st March 1988</u>	
		£	£	£	£
<b>INCOME</b>					
Publicity Income		-			140,000
Property Sales	2	10,096,816			3,755,641
Interest		5,888			17,530
Other Income		10,325			12,873
		<u>10,113,029</u>			<u>3,926,044</u>
<b>EXPENDITURE</b>					
Cost of Properties		(10,101,216)		(3,584,430)	
Management Charge		-		(130,000)	
Other Expenditure		<u>(220,279)</u>		<u>(54,066)</u>	
		<u>(10,321,495)</u>		<u>(3,768,496)</u>	
<b>GROSS (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>			(208,466)		157,548
<b>TAXATION</b>	5		<u>72,000</u>		<u>(54,608)</u>
<b>NET (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>			(136,466)		102,940
<b>EXTRAORDINARY ITEM:</b>					
Loss on transfer of undertakings to Associated company			<u>(36,727)</u>		<u>-</u>
<b>NET (LOSS)/PROFIT FOR THE PERIOD</b>			<u>£(173,193)</u>		<u>£102,940</u>
<u>Statement of Accumulated Reserves</u>					
Accumulated Reserves at 1st April 1988			153,193		50,253
Net (Loss) Profit for the period			(173,193)		102,940
Transfer from Capital Reserve			<u>20,000</u>		<u>-</u>
Accumulated Reserves at 31st March 1989			<u>£ -</u>		<u>£153,193</u>

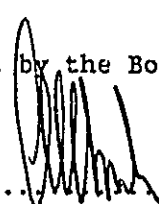
The Notes on Pages 6 to 8 form a part of these Accounts

Auditors Report Page 3

ANGLIA HOUSING ASSOCIATION LIMITEDBalance Sheet as at 31st March 1989

	<u>Notes</u>	<u>31st March 1989</u>		<u>31st March 1988</u>	
		£	£	£	£
<b>CURRENT ASSETS</b>					
Work in Progress	6	-		18,098,971	
Debtors	4	15		229,718	
Bank and Building Society Deposits		<u>15</u>		<u>7,577</u>	
				18,336,266	
<b>CURRENT LIABILITIES</b>					
Creditors	8	-		6,941,546	
<b>NET CURRENT ASSETS</b>		<u>15</u>		<u>11,394,720</u>	
Provision for Deferred Taxation	5	-	55,142		
CREDITORS: Amounts falling due in more than one year	8	<u>-</u>	<u>11,166,370</u>		
			<u>-</u>	<u>11,221,512</u>	
		<u>£15</u>		<u>£ 173,208</u>	
<b>FINANCED BY:</b>					
Share Capital	7	-	15	15	
Accumulated Reserves		-	153,193		
Capital Reserve	9	<u>-</u>	<u>20,000</u>		
			<u>-</u>	<u>173,193</u>	
		<u>£15</u>		<u>£ 173,208</u>	

Approved by the Board on 22 May 1989

  
 .....CHAIRMAN  
 A.L. CHORLEY

  
 .....DIRECTOR  
 P.H. LAMB

The Notes on pages 6 to 8 form a part of these accounts

Auditors' Report Page 3

ANGLIA HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements - 31 March 1989

1 Principal Accounting Policies

a Accounting Convention

These accounts have been prepared under the historical cost convention.

b Land held for development

Land held for development is stated at the lower of cost and net realisable value. Cost includes interest charged on mortgage loans obtained to finance the purchases of land.

c Work-in-Progress - Site Acquisition, Building and Development

Work in progress which extends over periods greater than one year is valued at cost plus a conservative estimate of the profit earned on the contracts less any provisions necessary to reduce the amounts to net realisable value. Cost comprises the cost of land, work certifications to date and mortgage interest payable. Amounts invoiced on account of housing units sold to date are deducted from work in progress.

d Deferred Taxation

Deferred taxation is provided at anticipated tax rates on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the Profit and Loss Account, to the extent that it is probable that a liability or asset will crystallise in the future.

e Statement of Source and Application of Funds

No statement of source and application of funds has been produced as in the opinion of the Directors such a statement would be meaningless given the transfer of the Company's assets and liabilities at 1 December 1988.

2 Property Sales

Property sales comprise the sales of properties which are recognised on legal completion.

	31st March 1989	31st March 1988
	£	£
3 OTHER EXPENDITURE		
a) Directors' Emoluments		
Chairman	6,185	3,912
Directors	<u>53,409</u>	<u>6,448</u>
	<u>59,594</u>	<u>10,360</u>
Emoluments of highest paid Director	<u>30,000</u>	<u>-</u>
Number of Other Directors' whose Emoluments were within the Ranges	<u>Number</u>	<u>Number</u>
NIL - £5000	<u>6</u>	<u>4</u>
b) Auditors' Remuneration and Expenses	<u>5,000</u>	<u>5,000</u>
4 DEBTORS		
Trade Debtors	-	86,850
Other Debtors and Prepayments	<u>15</u>	<u>142,868</u>
	<u>15</u>	<u>229,718</u>
5 TAXATION		
United Kingdom Corporation Tax at 35% based on Profits for the Period	-	55,142
Adjustments in respect of previous years		
Corporation Tax Liability	55,142	-
Elimination of Deferred Tax Liability	(55,142)	-
Overprovision	-	(534)
Loss for the year surrenderable for group relief	(72,000)	-
	<u>(72,000)</u>	<u>54,608</u>
6 WORK IN PROGRESS	£	£
Cost of Land	-	10,624,000
Work Certified	-	8,970,387
Interest Capitalised	<u>-</u>	<u>1,231,434</u>
	-	20,825,821
Attributable profit	-	107,540
Less: Provision for writedown to NRV	<u>-</u>	<u>(3,000)</u>
	-	104,540
Less: Housing Units Sold	<u>-</u>	<u>20,930,361</u>
	-	2,831,390
	<u>-</u>	<u>18,098,971</u>

Advantage has been taken of the legal dispensation contained in Section 228 Companies Act 1985 which provides that there should be overriding consideration given to the true and fair view and accordingly work in progress which includes an element of attributable profit and loss has been valued in accordance with SSAP9

	31st March 1989	31 March 1988
	£	£
7	<b>SHARE CAPITAL</b>	
	<u>Authorised</u>	
	5,000,000 Shares of £1 each	<u>5,000,000</u>
	<u>Issued and Fully Paid</u>	
	15 Shares of £1 each	<u>15</u>
8	<b>CREDITORS</b>	
a)	<u>Amounts Falling Due in Less Than One Year</u>	
	Mortgage Loans at 10.80% variable secured upon the Building Land and Work-in-Progress	-
	Other Creditors	<u>6,282,624</u>
		<u>658,922</u>
		<u>6,941,546</u>
b)	<u>Amounts Falling Due in More Than One Year</u>	
	Mortgage Loans at 10.80% variable repayable between One and Five Years	-
	Other Creditors	<u>11,024,125</u>
		<u>142,245</u>
		<u>11,166,370</u>
9	<b>CAPITAL RESERVE</b>	
	Balance at 1st April 1988	20,000
	Transfer to profit and loss account on transfer of undertakings	(20,000)
	Balance at 31 March 1989	<u>-</u>
		<u>20,000</u>
10	<b>FINANCIAL COMMITMENTS IN RESPECT OF TRADING DEVELOPMENT</b>	
	Expenditure Contracted for (less certified)	-
		<u>2,697,192</u>
	Expenditure Authorised by the Directors (but not yet contracted for)	-
		<u>8,518,000</u>
11	<b>CONTINGENT LIABILITIES</b>	
	No provision has been made in the Accounts for legal claims arising out of the construction contracts. Any losses, materialising principally as a result of construction difficulties and delays are considered remote. Therefore, any significant loss is not expected to occur.	
12	<b>HOLDING ENTITY</b>	
	The company is a wholly-owned subsidiary of Nationwide Anglia Building Society.	