

LEEK UNITED HOME LOANS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2000

REGISTERED NUMBER: 2277333



LEEK UNITED HOME LOANS LIMITED

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LEEK UNITED HOME LOANS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

BUSINESS OBJECTIVES AND PRINCIPAL ACTIVITIES

The principal activities of the company are to acquire, hold and dispose of debts secured on land, to make advances on the security of such land and to acquire, hold and dispose of mortgage finance rights.

REVIEW OF THE BUSINESS

At 31 December 2000 the company was a direct wholly owned subsidiary of Leek United Building Society.

At 31 December 2000 the amount owed to Leek United Building Society was £5,605,684 (1999: £6,995,485).

RESULTS FOR THE PERIOD

The profit on ordinary activities after tax for the period which has been transferred to reserves was £33,519 (1999: profit £36,076).

DIRECTORS

The directors who served during the year were:

E W Hodkinson
N McFadden
P Marriott

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.

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.

DIVIDENDS

No dividends have been paid during the year ended 31 December 2000 and none are proposed.

AUDITORS

A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'J B Stevenson', written in a cursive style.

J B STEVENSON
Secretary

21 FEBRUARY 2001

LEEK UNITED HOME LOANS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

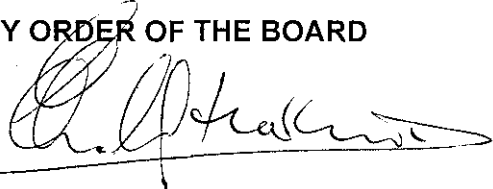
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- * 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;
- * 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 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 financial statements comply with the Companies Act 1985. 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.

The ultimate parent sets out its standards on corporate governance in its statutory accounts.

BY ORDER OF THE BOARD



E W HODKINSON
Chairman

21 FEBRUARY 2001

AUDITORS' REPORT TO THE MEMBERS OF LEEK UNITED HOME LOANS LIMITED

We have audited the financial statements on pages 6 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the annual report, including as described on page 4, the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularities or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham

21 FEBRUARY 2001

<p style="text-align: center;">LEEK UNITED HOME LOANS LIMITED</p>
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Profit and Loss Account for the year ended 31 December 2000

	Note	2000 £	1999 £
Interest receivable	1	461,142	538,699
Interest payable	2	<u>(419,423)</u>	<u>(487,751)</u>
Gross profit		41,719	50,948
Other income		4,157	1,700
Administrative expenses		<u>(3,981)</u>	<u>(7,414)</u>
Profit on ordinary activities before tax	4	41,895	45,234
Tax on profit on ordinary activities	5	<u>(8,376)</u>	<u>(9,158)</u>
Profit for the financial year		<u><u>33,519</u></u>	<u><u>36,076</u></u>

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 recognised gains and losses has been presented.

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

LEEK UNITED HOME LOANS LIMITED

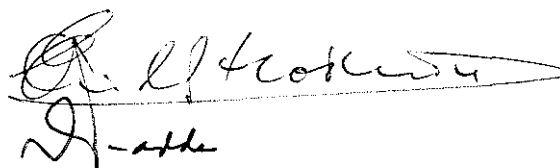
Balance Sheet as at 31 December 2000

	Note:	2000 £	1999 £
Current assets:			
Cash at Bank		246,603	107,308
Mortgage advances	6	5,325,797	6,796,507
Debtors		1,669	3,491
Premium on acquisition of mortgages		<u>17,500</u>	<u>37,500</u>
Total current assets:		5,591,569	6,944,806
Creditors: amounts falling due within one year	7	<u>(5,617,887)</u>	<u>(7,004,643)</u>
Net current liabilities		<u>(26,318)</u>	<u>(59,837)</u>
Total assets less current liabilities		<u><u>(26,318)</u></u>	<u><u>(59,837)</u></u>
Equity shareholders funds:			
Called up share capital	8	100	100
Profit and loss account	9	<u>(26,418)</u>	<u>(59,937)</u>
Total equity shareholders' funds		<u><u>(26,318)</u></u>	<u><u>(59,837)</u></u>

The accounts on pages 6 to 10 were approved by board of directors on 21 February 2001 and signed on its behalf by:

E W HODKINSON
N McFADDEN

Chairman
Director



LEEK UNITED HOME LOANS LIMITED

Notes to the Accounts - for the year ended 31 December 2000

1. Accounting Policies

(a) Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom, which have been consistently applied.

(b) Accounting for revenue.

Interest receivable is credited to profit and loss monthly in relation to balances outstanding.

(c) Turnover

Turnover represents gross interest receivable for the company's principal activity. All turnover is derived from within the United Kingdom.

(d) Tax

The tax charge is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(e) Provisions for losses on loans and advances.

Provision is made for all anticipated losses on loans and advances based upon a year end appraisal of commercial assets.
Specific provisions are made on a case by case basis.

(f) Cash flow statement.

No cash flow is included as the results of the company are consolidated in the group accounts of its parent undertaking. Cash flows arising are reported within appropriate classifications within the Consolidated Statement of Source and Application of Funds.

(g) Premium on acquisition of mortgages.

Premiums arising on the acquisition of mortgages are amortised over a five year period.

LEEK UNITED HOME LOANS LIMITED

Notes to the Accounts for the year ended 31 December 2000

	2000 £	1999 £
2. Interest payable		
On balances due to parent undertaking	<u>419,423</u>	<u>487,751</u>

3. Directors' Emoluments

None of the directors received any remuneration for services to the company during the year. The company has no employees.

	2000 £	1999 £
4. Profit on Ordinary activities before taxation		
This is stated after charging:		
Auditors' remuneration	3,631	3,525
Other management costs	<u>350</u>	<u>3,889</u>
	<u>3,981</u>	<u>7,414</u>

	2000 £	1999 £
5. Tax on Profit on ordinary activities		
Current	<u>8,376</u>	<u>9,158</u>

	2000 £	1999 £
6. Mortgage advances		
Advances secured on residential property	5,185,520	6,613,866
Advances secured on land	<u>140,277</u>	<u>182,641</u>
	<u>5,325,797</u>	<u>6,796,507</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.

Notes to the Accounts for the year ended 31 December 2000

7. Creditors: amounts falling due within one year

	2000	1999
	£	£
Amounts owed to parent undertaking	5,605,684	6,995,485
Other creditors	12,203	9,158
	<u>5,617,887</u>	<u>7,004,643</u>

8. Called up share capital

	2000	1999
	£	£
Authorised, issued and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. Profit and loss account

	2000	1999
	£	£
At 1 January	(59,937)	(96,013)
Profit for financial year	<u>33,519</u>	<u>36,076</u>
At 31 December	<u>(26,418)</u>	<u>(59,937)</u>

10. Reconciliation of movements on equity shareholders' funds

	2000	1999
	£	£
Profit for the year	33,519	36,076
Equity shareholders' funds at 1 January	<u>(59,837)</u>	<u>(95,913)</u>
Equity shareholders' funds at 31 December	<u>(26,318)</u>	<u>(59,837)</u>

11. 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 90% rule 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.

A service for the administration of mortgage assets was provided by the parent undertaking.

12. Ultimate parent undertaking

The ultimate parent undertaking is Leek United Building Society which is registered under the Building Societies Act 1986.

The Report and Accounts of the ultimate parent undertaking may be obtained from the secretary at the registered office of the company.

The registered office of the company is 50, St Edward Street, Leek, Staffordshire.
ST13 5DH