

**NORTHERN ROCK HOUSING TRUST LIMITED**  
(Registered number: 2306045)

CONFIDENTIAL  
24 JUN 1992

**DIRECTORS' REPORTS AND ACCOUNTS**

**31 DECEMBER 1991**

STATIONERS HOUSE  
01 JUL 1992

## **NORTHERN ROCK HOUSING TRUST LIMITED**

### **DIRECTORS' REPORT**

The directors present their report together with the audited financial statements of the company for the year ended 31 December 1991.

### **BACKGROUND AND PRINCIPAL ACTIVITIES**

The main objectives of the company are to assist in the revitalisation of inner city housing stock, to provide new houses at low cost mainly for first time buyers and to offer a range of solutions to housing problems, by rent or other forms of tenure.

The aim of the company is to improve the housing prospects of people in all walks of life. The company's legal status enables it to own, hold and develop land for this purpose.

### **REVIEW OF THE BUSINESS**

During the year the development work and subsequent sales were completed at two sites. Development work was ongoing at nine sites and at a further four sites the development work was finished with the legal completion of sales and unsold properties remaining.

### **RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation amounted to £228,709 (1990 - £103,403). The directors recommend that no dividend is paid and the amount be transferred to reserves.

### **DIRECTORS**

The names of directors who served during the year are given below:

L P Finn (Chairman)  
F M Osborn  
J C Sharp  
The Rt Hon The Viscount Ridley  
R H Dickinson  
J S Stephenson (resigned 18 February 1991)  
D Webster  
C Blakey

Mr L P Finn was appointed Chairman of the Board on 13 May 1991 in place of Mr F M Osborn.

None of the directors have any beneficial interests in the shares of the company.

The articles of association do not require the directors to retire by rotation.

## NORTHERN ROCK HOUSING TRUST LIMITED

### FIXED ASSETS

Movements in tangible fixed assets during the year are set out in note 5 to the financial statements.

### FUTURE DEVELOPMENTS

The company intends to continue the expansion of its business by the acquisition of additional sites for development as and when suitable opportunities arise.

### AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and resolutions as to the reappointment and remuneration will be proposed at the Annual General Meeting.

By Order of the Board

R J Greenwell  
Secretary

*K.M. Basey*

K. M. BASEY

SECRETARY (From 17/2/92)

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF  
NORTHERN ROCK HOUSING TRUST LIMITED**

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants  
and Registered Auditor

17 January 1992

**NORTHERN ROCK HOUSING TRUST LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1991**

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
<b>TURNOVER</b>	<b>1</b>	<b>6,237,335</b>	<b>2,995,892</b>
Cost of sales		<u>(5,657,397)</u>	<u>(2,754,049)</u>
<b>GROSS PROFIT</b>		<b>579,938</b>	<b>241,843</b>
Administrative expenses		(246,362)	(86,211)
Other operating income		<u>13,059</u>	<u>6,384</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2</b>	<b>346,635</b>	<b>162,016</b>
Tax on profit on ordinary activities	<b>4</b>	<u>(117,926)</u>	<u>(58,613)</u>
<b>PROFIT FOR THE YEAR</b>	<b>12</b>	<b>£228,709</b>	<b>£103,403</b>
		<u>          </u>	<u>          </u>

# NORTHERN ROCK HOUSING TRUST LIMITED

## BALANCE SHEET AT 31 DECEMBER 1991

	Notes	1991 £	1990 £
<b>FIXED ASSETS</b>			
Tangible assets	5	128,114	124,270
Sharebuy properties	6	673,613	373,237
Investment in subsidiary undertaking	7	<u>4</u>	<u>4</u>
		801,731	497,511
<b>CURRENT ASSETS</b>			
Development in progress	8	5,281,549	3,302,469
Debtors	9	154,884	564,251
Cash at bank and in hand		<u>300</u>	<u>350</u>
		5,436,733	3,867,070
<b>CREDITORS - amounts falling due within one year</b>	10	<b>(5,902,827)</b>	<b>(4,257,653)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(466,094)</b>	<b>(390,583)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>£335,637</b>	<b>£106,928</b>
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL</b>	11	6	6
<b>RESERVES</b>	12	<u>335,631</u>	<u>106,922</u>
		£335,637	£106,928

Approved by the Board of Directors on 17 January 1992 and signed on their behalf by:

L P Finn Director



# NORTHERN ROCK HOUSING TRUST LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1991

	<u>1991</u>	<u>1990</u>
	£	£
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	346,635	162,016
Amounts not involving the movement of funds:		
Depreciation	20,666	17,621
Profit on fixed asset disposals	(8,312)	(4,125)
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds from sale of fixed assets	35,785	39,875
<b>APPLICATION OF FUNDS</b>		
Tax paid	(59,325)	-
Purchase of fixed assets	<u>(352,359)</u>	<u>(186,469)</u>
	<u>(411,684)</u>	<u>(186,469)</u>
<b>(INCREASE)/DECREASE IN WORKING CAPITAL</b>	<b>(16,910)</b>	<b>28,918</b>
Debtors	409,367	2,896,813
Creditors	1,586,573	(594,078)
Developments in progress	<u>(1,979,080)</u>	<u>(2,334,053)</u>
<b>DECREASE IN NET LIQUID FUNDS</b>	<b>£(50)</b>	<b>£(2,400)</b>

# NORTHERN ROCK HOUSING TRUST LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991

### 1 ACCOUNTING POLICIES

#### (a) Accounting convention

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

#### (b) Consolidation

Group accounts have not been prepared in respect of this company and its subsidiary undertaking. This company is itself a wholly owned subsidiary of the Northern Rock Building Society which prepares group accounts.

#### (c) Turnover

Turnover represents the amounts receivable from the sale of properties and attributable development fees. Properties are treated as sold and profits are taken when legal contracts are completed.

#### (d) Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets over their expected useful lives, using the following rates:

Leasehold buildings	- the shorter of the period of the lease and 50 years
Office equipment and furniture	- 4 10 years
Motor vehicles	- 4 years

#### (e) Sharebuy properties

The company's equity share of sharebuy properties is included in the balance sheet at the lower of cost and net realisable value. No depreciation is charged in respect of sharebuy properties.

#### (f) Developments in progress

Developments in progress are valued at the lower of cost plus attributable development fees and net realisable value. Full provision is made for all foreseeable losses.

#### (g) Deferred taxation

No provision is made for deferred taxation unless there is reasonable probability that such taxation will become payable in the foreseeable future.



# NORTHERN ROCK HOUSING TRUST LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (continued)

### (h) Pension costs

Contributions to the Northern Rock Building Society pension scheme are charged to the profit and loss account with the objective of spreading the cost over the employees' working lives within the Group. Variations from the regular cost are spread over the expected remaining services lives of current employees in the scheme. Costs are based upon actuarial advice following the most recent valuation of the fund.

## 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	<u>1991</u>	<u>1990</u>
	£	£
Staff costs:		
Wages and salaries	132,118	40,277
Social security costs	10,418	3,211
Other pension costs	19,567	6,388
Depreciation	20,666	17,621
Auditors' remuneration	4,922	2,067
Directors' fees	-	1,500
	<hr/>	<hr/>

## 3 DIRECTORS AND EMPLOYEES

The average number of employees during the period was 12 (1990 - 10). All directors and employees have employment contracts with the ultimate parent company.

### Directors emoluments

	1991	1990
	£	£
Chairman	£Nil	£Nil
Highest paid Director	£Nil	£1,500

No other Directors received emoluments in respect of their services to the company.

# NORTHERN ROCK HOUSING TRUST LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (continued)

### 4 TAXATION

Taxation on the profit on ordinary activities comprises:

	<u>1991</u>	<u>1990</u>
Corporation tax at 33.25% (1990 - 35%)	£117,926	£58,613

### 5 TANGIBLE FIXED ASSETS

	<u>Freehold</u>	<u>Long leasehold</u>	<u>Office equipment and furniture</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>					
At 1 January 1991	-	78,103	18,562	62,201	158,866
Additions	-	3,327	2,272	17,890	23,489
Transfers in	-	-	6,092	8,675	14,767
Disposals	-	-	-	(14,828)	(14,828)
Transfers out	<u>31,722</u>	<u>(31,722)</u>	<u>-</u>	<u>(8,285)</u>	<u>(8,285)</u>
At 31 December 1991	<u>31,722</u>	<u>49,708</u>	<u>26,926</u>	<u>65,653</u>	<u>174,009</u>
<u>Depreciation</u>					
At 1 January 1991	-	-	4,318	30,278	34,596
Transfers in	-	-	2,792	4,339	7,131
Disposals	-	-	-	(12,355)	(12,355)
Transfers out	-	-	-	(4,143)	(4,143)
Charge for year	<u>-</u>	<u>-</u>	<u>3,603</u>	<u>17,063</u>	<u>20,666</u>
	<u>-</u>	<u>-</u>	<u>10,713</u>	<u>35,182</u>	<u>45,895</u>
<u>Net book amount</u>					
At 31 December 1991	<u>£31,722</u>	<u>£49,708</u>	<u>£16,213</u>	<u>£30,471</u>	<u>£128,114</u>
At 31 December 1990	<u>£-</u>	<u>£78,103</u>	<u>£14,244</u>	<u>£31,923</u>	<u>£124,270</u>

# NORTHERN ROCK HOUSING TRUST LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (continued)

### 6 SHAREBUY PROPERTIES

Freehold  
land and  
buildings

#### Cost

At 1 January 1991	373,237
Additions	325,376
Disposals	<u>(25,000)</u>
At 31 December 1991	<u>£673,613</u>

Under the terms of the contracts with residents, the company's interests in sharebuy properties can only be realised when the residents decide to sell the properties, or when the residents exercise their option to increase their own equity share.

### 7 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>1991</u>	<u>1990</u>
Shares in Northern Rock Housing Trust (1985) at cost	<u>£ 4</u>	<u>£ 4</u>

Northern Rock Housing Trust Limited holds all of the issued share capital of its subsidiary undertaking. The business of Northern Rock Housing Trust (1985) is that of a property developer.

In the opinion of the directors the value of the investment in Northern Rock Housing Trust (1985) is not less than the aggregate amount at which it is shown in the balance sheet.

### 8 DEVELOPMENT IN PROGRESS

	<u>1991</u>	<u>1990</u>
Land and buildings	<u>£5,281,549</u>	<u>£3,302,469</u>

# NORTHERN ROCK HOUSING TRUST LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991

### 9 DEBTORS

	<u>1991</u>	<u>1990</u>
Trade debtors	146,670	51,825
Other debtors	1,158	12,156
Prepayments and accrued income	7,056	2,468
Amounts owed by Northern Rock Housing Trust (1985)	—	<u>497,802</u>
	<u>£154,884</u>	<u>£564,251</u>

### 10 CREDITORS - amounts falling due within one year

	<u>1991</u>	<u>1990</u>
Trade creditors	243,652	49,562
Other creditors	47	689
Accruals and deferred income	277,336	9,400
Amounts owed to Northern Rock Building Society	4,778,130	4,137,431
Corporation tax	119,172	60,571
Amounts owed to Northern Rock Housing Trust (1985)	<u>484,490</u>	<u>—</u>
	<u>£5,902,827</u>	<u>£4,257,653</u>

The amounts owed to Northern Rock Building Society and Northern Rock Housing Trust (1985) are interest free and comprise the following:

	<u>1991</u>	<u>1990</u>
Loans	231,284	256,283
Other	<u>5,031,336</u>	<u>3,881,148</u>
	<u>£5,262,620</u>	<u>£4,137,431</u>

The loans are secured by a legal charge on the company's investment in sharebuy properties. Full repayment of the loans will be made on sale of the properties.

# NORTHERN ROCK HOUSING TRUST LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991

### 11 SHARE CAPITAL

	<u>1991</u>	<u>1990</u>
Authorised		
Ordinary shares of £1 each	£1,000	£1,000
	<hr/>	<hr/>
Allotted, called up and fully paid.		
Ordinary shares of £1 each	£6	£6
	<hr/>	<hr/>

### 12 RESERVES

	<u>1991</u>
Balance at 1 January	106,922
Profit for the year	<u>228,709</u>
Balance at 31 December	<u>£335,631</u>

### 13 CAPITAL COMMITMENTS

	<u>1991</u>	<u>1990</u>
Amounts contracted but not provided for in the balance sheet.	£14,946,074	£1,410,075
	<hr/>	<hr/>
Amounts authorised by the Directors but not provided for by the balance sheet date	£Nil	£Nil
	<hr/>	<hr/>

### 14 FINANCIAL COMMITMENTS

At 31 December 1991 the Company had no commitments in respect of future developments on which work had not commenced at the balance sheet date.

## **NORTHERN ROCK HOUSING TRUST LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1991**

#### **15 ULTIMATE PARENT**

The company is a wholly owned undertaking of the Northern Rock Building Society, a body incorporated in England under the Building Society Act 1986. Copies of the Group accounts can be obtained from Northern Rock Building Society, Northern Rock House, Gosforth, Newcastle upon Tyne, NE3 4PL.

#### **16 PENSION COSTS**

The company participates in the Northern Rock Building Society defined benefit scheme. Contributions are based on pension costs across the group as a whole and actuarial information in the accounts of the Northern Rock Building Society. The pension costs for the period totalled £19,567 (1990 - £6,388).