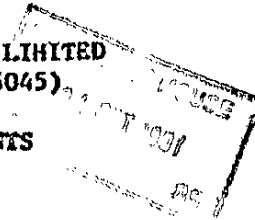


NORTHERN ROCK HOUSING TRUST LIMITED  
(Registered in England: 2306045)

DIRECTORS' REPORT AND ACCOUNTS

31 December 1990



## **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 1990.

### **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 development work commenced at seven sites. At the year end new developments were being considered at a number of sites.

### **RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation amounted to £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:

F H Osborn (Chairman)  
L P Flinn  
J C Sharp  
The Rt Hon The Viscount Ridley  
R H Dickinson  
J S Stephenson  
D Webster  
C Blakay (appointed 10 September 1990)

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.

### **FIXED ASSETS**

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

**NORTHERN ROCK HOUSING TRUST LIMITED**

**DIRECTORS' REPORT (continued)**

**FUTURE DEVELOPMENTS**

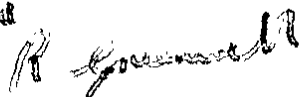
The company intends to continue the expansion of its business by the acquisition of additional sites for development as and when suitable opportunities arise.

**AUDITORS**

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

By Order of the Board

R J Greenwell  
Secretary



*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 1990 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  
Newcastle upon Tyne

24 January 1991

NORTHERN ROCK HOUSING TRUST LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u> (6 months)
TURNOVER	1	2,995,892	13,800
Cost of sales		(2,754,049)	-
GROSS PROFIT		<u>241,843</u>	<u>13,800</u>
Administrative expenses		(86,211)	(8,323)
Other operating income		6,384	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>162,016</u>	<u>5,477</u>
Tax on profit on ordinary activities	4	(58,613)	(1,958)
PROFIT FOR THE PERIOD	12	<u>£ 103,403</u>	<u>£ 3,519</u>

NORTHERN ROCK HOUSING TRUST LIMITED

BALANCE SHEET AT 31 DECEMBER 1990

	Notes	1990	1989
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	5	124,270	102,159
Sharebuy properties	6	373,237	262,250
Investment in subsidiary	7	4	4
		<u>497,511</u>	<u>364,413</u>
<b>CURRENT ASSETS</b>			
Development in progress	8	3,302,469	968,416
Debtors	9	564,251	3,461,064
Cash at bank and in hand		350	2,750
		<u>3,867,070</u>	<u>4,432,230</u>
CREDITORS - amounts falling due within one year	10	(4,257,655)	(4,793,120)
<b>NET CURRENT LIABILITIES</b>		<u>(390,585)</u>	<u>(360,890)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£106,926</u>	<u>£3,523</u>
<b>REPRESENTED BY:</b>			
SHARE CAPITAL	11	4	4
RESERVES	12	106,922	3,519
		<u>£106,926</u>	<u>£3,523</u>

Approved by the Board of Directors on 24 January 1991 and signed on their behalf by:

F M Osborn )  
L P Finn ) Directors

*[Handwritten signature]*  
*[Handwritten signature]*

NORTHERN ROCK HOUSING TRUST LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>1990</u>		<u>1989</u>	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
Profit on ordinary activities before taxation		162,016		5,477
Amounts not involving the movement of funds				
Depreciation		17,621		-
Profit on fixed asset disposals		(4,125)		-
<b>FUNDS FROM OTHER SOURCES</b>				
Proceeds from sale of fixed assets		39,875		-
Issue of share capital		-		4
<b>APPLICATION OF FUNDS</b>				
Purchase of fixed assets	(186,469)		-	
Investment in subsidiary			(4)	
Transfer of fixed assets from Northern Rock Housing Trust (1985)	-		(95,945)	
Transfer of fixed assets from Northern Rock Building Society			(6,214)	
Transfer of sharebuy properties from Northern Rock Housing Trust (1985)	-		(262,250)	
		<u>(186,469)</u>		<u>(364,413)</u>
		28,918		(358,932)
<b>(INCREASE)/DECREASE IN WORKING CAPITAL</b>				
Debtors		2,896,813		(3,461,064)
Creditors		(594,078)		4,791,162
Developments in progress		(2,334,053)		(968,416)
		<u></u>		<u></u>
<b>INCREASE/(DECREASE) IN NET LIQUID FUNDS</b>	£	(2,400)		£2,750

NORTHERN ROCK HOUSING TRUST LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Consolidation

Group accounts have not been prepared in respect of this company and its subsidiary. 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.



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NORTHERN ROCK HOUSING TRUST LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (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>1990</u>	<u>1989</u>
	£	£
Staff costs:		
Wages and salaries	40,277	5,155
Social security costs	3,211	397
Other pension costs	6,388	822
Depreciation	17,621	-
Auditors' remuneration	2,067	120
Directors fees	1,500	-
	<u>          </u>	<u>          </u>

3 DIRECTORS AND EMPLOYEES

The average number of employees during the period was 10 (1989-8). All directors and employees have employment contracts with the ultimate parent company.

Directors Emoluments

	<u>1990</u>	<u>1989</u>
Chairman	£ nil	£ nil
Highest paid Director	£1,500	£ nil

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

NORTHERN ROCK HOUSING TRUST LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

4 TAXATION

Taxation on the profit on ordinary activities comprises:

	<u>1990</u>	<u>1989</u>
Corporation tax at 35%	£58,613	£1,958

5 TANGIBLE FIXED ASSETS

	<u>Long leasehold</u>	<u>Office equipment and furniture</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>				
At 1 January 1990	42,126	15,053	61,955	119,134
Additions	35,977	3,509	246	39,732
At 31 December 1990	78,103	18,562	62,201	158,866
<u>Depreciation</u>				
At 1 January 1990	-	2,247	14,728	16,975
Charge for year	-	2,071	15,550	17,621
	-	4,318	30,278	34,596
<u>Net book amount</u>				
At 31 December 1990	£ 78,103	£ 14,244	£ 31,923	£ 124,270
At 31 December 1989	£ 42,126	£ 12,806	£ 47,227	£ 102,159

# NORTHERN ROCK HOUSING TRUST LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

## 6. SHAREBUY PROPERTIES

	Freehold land and <u>buildings</u>
<u>Cost</u>	
At 1 January 1990	262,250
Additions	146,737
Disposals	(35,750)
	<hr/>
At 31 December 1990	£373,237

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	<u>1990</u>	<u>1989</u>
Shares in Northern Rock Housing Trust (1985) at cost	£ 4	£ 4

Northern Rock Housing Trust Limited holds all of the issued share capital of its subsidiary. 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.

NORTHERN ROCK HOUSING TRUST LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

8 DEVELOPMENT IN PROGRESS

	<u>1990</u>	<u>1989</u>
Land and buildings	£3,302,469	£968,416

9 DEBTORS

	<u>1990</u>	<u>1989</u>
Trade debtors	51,825	-
Other debtors	12,156	1,440
Prepayments and accrued income	2,468	3,393
Amounts owed by Northern Rock Housing Trust (1985)	497,802	3,456,231
	<u>£ 564,251</u>	<u>£3,461,064</u>

10 CREDITORS - amounts falling due within one year

	<u>1990</u>	<u>1989</u>
Trade creditors	49,562	384
Other creditors	691	10,895
Accruals and deferred income	9,400	8,063
Amounts owed to Northern Rock Building Society	4,137,431	4,771,820
Corporation tax	60,571	1,958
	<u>£4,257,655</u>	<u>£4,793,120</u>

The amounts owed to Northern Rock Building Society are interest free and comprise the following:

	<u>1990</u>	<u>1989</u>
Loans	256,283	292,033
Other	3,881,148	4,479,787
	<u>£4,137,431</u>	<u>£4,771,820</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 1990 (continued)

### 11 SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
Authorised		
Ordinary shares of £1 each.	<u>£1,000</u>	<u>£1,000</u>
Allotted, called up and fully paid.		
Ordinary shares of £1 each	<u>£4</u>	<u>£4</u>

### 12 RESERVES

	<u>1990</u>
Balance at 1 January	3,519
Profit for the year	103,403
Balance at 31 December	<u>£106,922</u>

### 13 CAPITAL COMMITMENTS

	<u>1990</u>	<u>1989</u>
Amounts contracted for but not provided for in the balance sheet.	£1,410,075	£2,091,649
Amounts authorised by the Directors but not provided for by the balance sheet date.	£ nil	£ nil

### 14 FINANCIAL COMMITMENTS

At 31 December 1990 the Company had no commitments in respect of future developments on which work had not commenced at the balance sheet date.

### 15 ULTIMATE PARENT

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

NORTHERN ROCK HOUSING TRUST LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1990 (continued)

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 relation to this is given in the accounts of the Northern Rock Building Society. The pension costs for the period totalled £6,388.