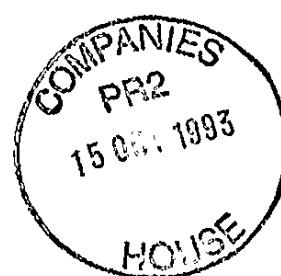


**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**  
**(Registered number: 2306045)**

**DIRECTORS' REPORTS AND ACCOUNTS**

**31 DECEMBER 1992**



**NORTHERN ROCK HOMES LIMITED**  
**(formerly 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 1992.

**PRINCIPAL ACTIVITY**

The principal activity of the company continued to be the development of residential housing for sale.

The main objectives of the company are to provide housing at low cost, mainly for first time buyers and to assist in the revitalisation of inner city housing stock.

**REVIEW OF THE BUSINESS**

The name of the company was changed to Northern Rock Homes Limited (formerly Northern Rock Housing Trust Limited) on 2 July 1992 in order to reflect more accurately the primary activity of the company as a housing developer.

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

**RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation amounted to £331,001 (1991 - £228,709). The Directors recommend that no dividend be paid and the amount be transferred to reserves.

**DIRECTORS**

The Directors who served during the year were:

L P Flinn (Chairman)  
F M Osborn  
J C Sharp  
The Rt Hon The Viscount Ridley  
R H Dickinson  
D Webster  
C Blakey

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 HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**DIRECTORS' REPORT (continued)**

**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 to concentrate its activities on the development of desirable products, aimed mainly at first time buyers and marketed at affordable prices.

**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



KM Basey  
Secretary

23 February 1993

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF  
NORTHERN ROCK HOMES LIMITED  
(formerly 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 1992 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

**PRICE WATERHOUSE**  
Chartered Accountants  
and Registered Auditor

23 February 1993

**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1992**

	<u>1992</u>	<u>1991</u>
TURNOVER (Note 1)	7,270,148	6,237,335
Cost of sales	<u>(6,492,255)</u>	<u>(5,657,397)</u>
GROSS PROFIT	777,893	579,938
Administrative expenses	(289,662)	(246,362)
Other operating income	<u>5,485</u>	<u>13,059</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	493,716	346,635
Tax on profit on ordinary activities (Note 4)	<u>(162,715)</u>	<u>(117,926)</u>
PROFIT FOR THE YEAR (Note 12)	<u>£331,001</u>	<u>£228,709</u>

**NORTHERN ROCK HOMES LIMITED**  
(formerly Northern Rock Housing Trust Limited)

**BALANCE SHEET AT 31 DECEMBER 1992**

	<u>1992</u>	<u>1991</u>
	£	£
<b>FIXED ASSETS</b>		
Tangible assets (Note 5)	144,750	128,114
Sharebuy properties (Note 6)	794,556	673,613
Investment in subsidiary undertaking (Note 7)	<u>4</u>	<u>4</u>
	939,310	801,731
<b>CURRENT ASSETS</b>		
Development in progress (Note 8)	5,257,198	5,281,549
Debtors (Note 9)	871,061	154,884
Cash at bank and in hand	<u>300</u>	<u>300</u>
	6,128,559	5,436,733
<b>CREDITORS - amounts falling due within one year (Note 10)</b>	<u>(6,401,231)</u>	<u>(5,902,827)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(272,672)</u>	<u>(466,094)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>£666,638</u>	<u>£335,637</u>
<b>REPRESENTED BY:</b>		
SHARE CAPITAL (Note 11)	6	6
PROFIT AND LOSS ACCOUNT (Note 12)	<u>666,632</u>	<u>335,631</u>
	<u>£666,638</u>	<u>£335,637</u>

Approved by the Board of Directors on 23 February 1993 and signed on their behalf by:

L P Finn Director



**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 1992**

	<u>1992</u>		<u>1991</u>	
	£	£	£	£
<b>NET CASH INFLOW FROM</b>				
OPERATING ACTIVITIES (Note 17)		271,001		375,849
<b>TAXATION</b>				
Corporation tax paid		(118,397)		(59,325)
<b>INVESTING ACTIVITIES</b>				
Payments to acquire fixed assets	(183,874)		(352,353)	
Receipts from sale of fixed assets	<u>31,270</u>		<u>35,785</u>	
Net cash outflow from investing activities		<u>(152,604)</u>		<u>(316,574)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS (Note 18)</b>		£Nil		£(50)
		<u>          </u>		<u>          </u>

**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992**

**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.



**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (continued)**

**1 ACCOUNTING POLICIES (continued)**

**(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.

**(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>1992</u> £	<u>1991</u> £
Staff costs:		
Wages and salaries	167,418	132,118
Social security costs	13,585	10,418
Other pension costs	23,314	19,567
Depreciation	23,116	20,666
Auditors' remuneration	5,181	4,922
Directors' fees (Note 3)	-	-
	<hr/>	<hr/>

**3 DIRECTORS AND EMPLOYEES**

The average number of employees during the year was 10 (1991 - 12). All Directors and employees have employment contracts with the ultimate parent undertaking.

None of the Directors received any emoluments in respect of their services to the company during the year (1991 : Nil).

**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (continued)**

**4 TAXATION**

Taxation on the profit on ordinary activities comprises:

	<u>1992</u>	<u>1991</u>
Corporation tax at 33% (1991 - 33.25%)	£162,715	£117,926
	<u>          </u>	<u>          </u>

**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 1992	31,722	49,708	26,926	65,653	174,009
Additions	-	-	4,445	41,236	45,681
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,453)</u>	<u>(26,453)</u>
At 31 December 1992	<u>31,722</u>	<u>49,708</u>	<u>31,371</u>	<u>80,436</u>	<u>193,237</u>
<u>Depreciation</u>					
At 1 January 1992	-	-	10,713	35,182	45,895
Charge for year	-	-	3,742	19,374	23,116
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,524)</u>	<u>(20,524)</u>
At 31 December 1992	<u>-</u>	<u>-</u>	<u>14,455</u>	<u>34,032</u>	<u>48,487</u>
<u>Net book amount</u>					
At 31 December 1992	<u>£31,722</u>	<u>£49,708</u>	<u>£16,916</u>	<u>£46,404</u>	<u>£144,750</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>

**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (continued)**

**6 SHAREBUY PROPERTIES**

	<u>Freehold land and buildings</u>
<u>Cost</u>	
At 1 January 1992	673,613
Additions	138,193
Disposals	<u>(17,250)</u>
At 31 December 1992	<u>£794,556</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>1992</u>	<u>1991</u>
Shares in Northern Rock Housing Trust (1985) at cost	£4	£4
	<u>      </u>	<u>      </u>

Northern Rock Homes 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>1992</u>	<u>1991</u>
Land and buildings	£5,257,198	£5,281,549
	<u>      </u>	<u>      </u>

**NORTHERN ROCK HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (continued)**

**9 DEBTORS**

	<u>1992</u>	<u>1991</u>
Trade debtors	798,628	146,670
Other debtors	72,433	1,158
Prepayments and accrued income	—	<u>7,056</u>
	<u>£871,061</u>	<u>£154,884</u>

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

	<u>1992</u>	<u>1991</u>
Trade creditors	96,403	243,652
Other creditors	65	47
Accruals and deferred income	368,060	277,330
Amounts owed to Northern Rock Building Society	4,861,554	4,778,130
Corporation tax	163,490	119,172
Amounts owed to Northern Rock Housing Trust (1985)	<u>911,659</u>	<u>484,490</u>
	<u>£6,401,231</u>	<u>£5,902,827</u>

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

	<u>1992</u>	<u>1991</u>
Loans	214,034	231,284
Other	<u>5,559,179</u>	<u>5,031,336</u>
	<u>£5,773,213</u>	<u>£5,262,620</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 HOMES LIMITED**  
**(formerly Northern Rock Housing Trust Limited)**

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (continued)**

**11 SHARE CAPITAL**

	<u>1992</u>	<u>1991</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 PROFIT AND LOSS ACCOUNT**

	<u>1992</u>
Balance at 1 January 1992	335,631
Profit for the year	<u>331,001</u>
Balance at 31 December 1992	<u>£666,632</u>

**13 CAPITAL COMMITMENTS**

	<u>1992</u>	<u>1991</u>
Amounts contracted but not provided for in the Balance Sheet.	£7,751,131	£14,946,074
	<hr/>	<hr/>

Amounts authorised by the Directors but not provided for by the Balance Sheet date

£Nil

£Nil

**14 FINANCIAL COMMITMENTS**

At 31 December 1992 the company had no commitments in respect of future developments on which work had not commenced at the balance sheet date.

**NORTHERN ROCK HOMES LIMITED**  
 (Formerly Northern Rock Housing Trust Limited)

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1992 (continued)**

**15 PARENT UNDERTAKING**

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 year totalled £23,314 (1991 - £19,567).

**17 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>1992</u>	<u>1991</u>
Operating profit	493,716	346,635
Depreciation charges	23,116	20,666
Profit on disposal of tangible fixed assets	(3,091)	(8,312)
Decrease/(increase) in development in progress	24,351	(1,979,080)
(Increase)/decrease in debtors	(716,177)	409,367
Increase in creditors	<u>449,086</u>	<u>1,586,573</u>
Net cash inflow from operating activities	<u>£271,001</u>	<u>£375,849</u>

**18 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

Balance at 1 January 1992	300
Net cash inflow	<u>—</u>
Balance at 31 December 1992	<u>£300</u>