

SKIPTON PREMISES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 2001

(Registered Number 2381981)



SKIPTON PREMISES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 31st December 2001.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the company is that of property investment and it will continue to be so for the foreseeable future.

BUSINESS REVIEW

The results for the year are shown in the profit and loss account and notes thereto. No interim dividend has been paid during the year (2000: £nil). The directors do not recommend the payment of a final dividend (2000: £nil).

FIXED ASSETS

In relation to the company's freehold and leasehold properties, excluding the head office, the directors consider that the overall value is in excess of book value. The head office is a special purpose facility and therefore the Board consider that its inherent value to the company is not less than book value.

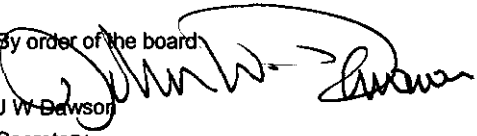
DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were:

J G Goodfellow
W J Barron
J W Dawson
D J Cutter
S E Aldous

Mr J G Goodfellow and Mr D J Cutter are also directors of the ultimate parent undertaking, Skipton Building Society. Their interests in the shares of group companies are not required to be recorded in the register maintained by this company. The other directors of the company as at 31st December 2001 had no interest in the shares of any group undertaking at any time during the year.

By order of the board


J W Dawson
Secretary

28th January 2002

SKIPTON PREMISES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They have general responsibility for taking such steps which are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKIPTON PREMISES LIMITED

We have audited the accounts on pages 4 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 Companies Act 1985. 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 with the company are not disclosed.

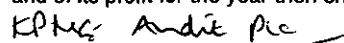
BASIS OF AUDIT OPINION

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 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 irregularity 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 as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

Leeds

28th January 2002

SKIPTON PREMISES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £s	2000 £s
Turnover	1	1,302,917	1,106,519
Cost of sales		(1,074,783)	(958,626)
Gross profit		228,134	147,893
Administrative expenses		(32,679)	(15,398)
Operating profit		195,455	132,495
Interest receivable	2	419	12,758
Profit on ordinary activities before taxation	3	195,874	145,253
Taxation on profit on ordinary activities	5	(33,203)	33,484
Profit/(Loss) on ordinary activities after taxation		162,671	178,737
Retained profit brought forward		430,054	251,317
Retained profit carried forward		592,725	430,054

In both the current and preceding year the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in the current year (2000: £nil) other than those reflected in the above profit and loss account.

The profit and loss account is prepared on an unmodified historical cost basis.

The notes on pages 6 to 10 form part of these accounts.

SKIPTON PREMISES LIMITED

BALANCE SHEET

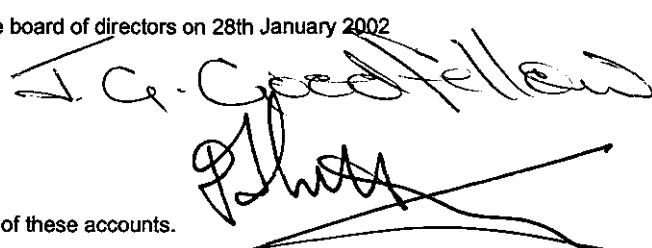
AT 31ST DECEMBER 2001

	Notes	2001	2000
		£s	£s
Fixed assets			
Tangible assets	6	23,630,192	24,476,340
Current assets			
Debtors	7	45,059	290,506
Cash at bank and in hand		8,055	38,221
		53,114	328,727
Creditors: Amounts falling due within one year	8	(44,562)	(9,438)
Net current assets/(liabilities)		8,552	319,289
Total assets less current liabilities		23,638,744	24,795,629
Creditors: Amounts falling due after more than one year	9	(23,045,019)	(24,364,575)
Net assets		593,725	431,054
Capital and reserves			
Called up equity share capital	11	1,000	1,000
Profit and loss account		592,725	430,054
Equity shareholders' funds	12	593,725	431,054

A reconciliation of the movement in shareholders' funds is given in note 12.

These accounts were approved by the board of directors on 28th January 2002

J G Goodfellow)
) Directors
 D J Cutter)



The notes on pages 6 to 10 form part of these accounts.

SKIPTON PREMISES LIMITED

NOTES TO THE ACCOUNTS

1. Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of accounting

These accounts are drawn up under the historic cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents property rental receivable. All earnings are within the United Kingdom.

(c) Deferred taxation

Provision is made using the liability method for taxation, which is deferred as a result of items included in these accounts being dealt with in a different period for taxation purposes, only to the extent that it is likely that such taxation will become payable in the foreseeable future.

(d) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives as set out below on a straight line basis:

Land	Not depreciated
Special purpose head office facility	40 years or 2.5% p.a.
Refurbishment of freehold and long leasehold premises	10 years
Short leasehold premises	Period of lease
Office equipment	5 years

Property under construction is not depreciated until completion of all building activity and the property is available for occupation.

(e) Leased assets

The rental costs of all operating leases are charged against profits on an accruals basis.

(f) Related party transactions

Under Financial Reporting Standard No 8 ("FRS 8"), the company is exempt from the requirement to disclose transactions with entities within the Skipton Building Society group as all of its voting rights are controlled by Skipton Building Society, whose group annual report and accounts are publicly available.

(g) Cash flow statement

Under Financial Reporting Standard No 1 (revised), the company is exempt from the requirement to prepare a cash flow statement as all of its voting rights are controlled by Skipton Building Society, whose group annual report and accounts are publicly available.

SKIPTON PREMISES LIMITED

NOTES TO THE ACCOUNTS

2. Interest receivable

	2001	2000
	£s	£s
Bank interest receivable	419	12,758
	419	12,758

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

	2001	2000
	£s	£s
Depreciation on tangible fixed assets	929,259	820,045
Auditors' and their associates' remuneration and expenses:		
For audit work	2,500	2,500
For non-audit work	-	-
Operating lease rentals - land and buildings	142,118	138,581

4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2001	2000
Directors	5	5

The aggregate remuneration paid to the directors in the year was £nil (2000: £nil).

5. Taxation on profit on ordinary activities

	2001	2000
	£s	£s
The taxation charge/(credit) for the year comprises:		
UK corporation tax calculated at 30% on the profit for the year for taxation purposes (2000: 30%)	(56,612)	59,645
Adjustment relating to prior year	23,409	(26,161)
	(33,203)	33,484

The difference in the profit for the year, and the taxable profit for the year, is caused by the difference between the depreciation charged and the capital allowances obtained.

SKIPTON PREMISES LIMITED

NOTES TO THE ACCOUNTS

6. Tangible fixed assets

	Freehold land & buildings	Freehold building under construction	Short leasehold buildings	Office equipment	Total
	£s	£s	£s	£s	£s
Cost					
At 1st January 2001	26,505,529	0	224,855	1,681,740	28,412,124
Re-analysis	213,350			(213,350)	0
Additions	73,431	0	0	9,680	83,111
At 31st December 2001	26,792,310	0	224,855	1,478,070	28,495,235
Depreciation					
At 1st January 2001	3,563,601	0	67,222	304,961	3,935,784
Charged in year	637,415	0	8,994	282,850	929,259
At 31st December 2001	4,201,016	0	76,216	587,811	4,865,043
Net book value					
At 31st December 2001	22,591,294	0	148,639	890,259	23,630,192
At 31st December 2000	22,941,928	0	157,633	1,376,779	24,476,340

Included within freehold land and buildings is land which is not depreciated, at a value of £1,320,000 (2000: £1,320,000).

Freehold land and buildings also includes the Society's head office which is a special purpose facility.

7. Debtors

	2001 £s	2000 £s
Other debtors	20,993	32,994
Less provision for bad debts	(9,742)	0
Group relief	0	223,852
Prepayments and accrued income	33,808	33,660
	45,059	290,506

8. Creditors: Amounts falling due within one year

	2001 £s	2000 £s
Other creditors including taxation and social security:		
Corporation tax	56,612	-
Group relief	(23,000)	-
	33,612	0
Accruals and deferred income	10,950	9,438
	44,562	9,438

SKIPTON PREMISES LIMITED

NOTES TO THE ACCOUNTS

9. Creditors: Amounts falling due after more than one year

	2001	2000
	£s	£s
Amounts owed to parent undertaking	23,045,019	24,364,575

The loan from the parent undertaking is to fund the acquisition of the company's freehold buildings. The loan bears interest at variable rates as advised by the parent undertaking and there is no pre-determined repayment date.

10. Provisions for liabilities and charges

The amounts provided and unprovided for deferred taxation at 30% (2000: 30%) are set out below:

	2001	2000
	Amount Provided	Amount Provided
	£s	£s
Accelerated capital allowances	-	-
	1,926,035	1,877,080

The construction costs of the company's freehold buildings include items which attract capital allowances. No provision has been made for deferred taxation on these items as it is considered unlikely that the accelerated capital allowances will reverse in the foreseeable future.

11. Equity share capital

	2001	2000
	£s	£s
Authorised, allotted, called up and fully paid share capital		
1,000 ordinary shares of £1 each	1,000	1,000

12. Reconciliation of movement in shareholders' funds

	2001	2000
	£s	£s
At 1st January	431,054	252,317
Retained profit/(loss) for the financial year	162,671	178,737
At 31st December	593,725	431,054

13. Commitments

Operating leases

Annual commitments due under property leases are as follows:-

	2001	2000
	£s	£s
On leases expiring:		
Over 5 years	142,118	138,581
Capital commitments		
As at 31st December	1,000,000	1,000,000

SKIPTON PREMISES LIMITED

NOTES TO THE ACCOUNTS

14. Ultimate parent undertaking

The company is a wholly-owned subsidiary of Skipton Building Society, registered in the United Kingdom.

A copy of the group annual report and accounts into which the results of the company are consolidated is available from:

The Secretary,
Skipton Building Society,
The Bailey,
Skipton,
North Yorkshire,
BD23 1DN.