Registered No: 2537970

Nationwide Syndications Limited

Annual Report and Financial Statements

for the year ended 31 March 2009

Directors and advisors

Directors
M R Jenkins (resigned 16/07/2009)
B Glover (appointed 16/07/2009)
M C A Webster
M A Willis
M M Rennison

Secretary
T Smithers (resigned 13 May 2008)
P Vinall (appointed 13 May 2008)

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Registered Office
Nationwide House
Pipers Way
Swindon
SN38 1NW

Registered Number
2537970

Directors' report for the year ended 31 March 2009

The directors present their report and audited financial statements for the year ended 31 March 2009.

Principal activities

Nationwide Syndications Limited ("the Company") operates as a mortgage lender specialising in syndicated commercial loans.

The Company is a wholly owned subsidiary of Nationwide Building Society ("the Group").

The Company is registered, domiciled and operates solely in its country of incorporation, England.

Business review and future developments

There have not been any changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company will continue to act as a syndicated lending service provider.

Results and dividends

The profit after tax for the financial year amounted to £5,157,000 (2008 - £5,671,000). The directors do not recommend the payment of a dividend (2008 - £nil). Retained profits carried forward to year ended 31 March 2009 is £91,378,000 (2007 - £86,221,000)

Risk management and control

The financial risk management objectives and policies which correspond to the principal risks and uncertainties faced by the Company are shown in note 13.

Key Performance Indicators

As the Company is a part of the Nationwide Group and given the straightforward nature of the Company's business, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Going Concern

The directors are satisfied that the company has adequate resources to continue in business for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the Annual Accounts.

Directors and directors' interests

The present Board of Directors is shown on page 2.

Directors and directors' interests continued

At no time during the year have the directors, or their families, had any beneficial interest in the shares of the Company. None of the directors had a material interest in any contract significant to the Company's business.

Employment

The Company has no employees; all are employed by the ultimate parent undertaking, Nationwide Building Society.

Creditor payment policy

The Company's policy is to agree the terms of payment with suppliers at the start of trading, ensuring suppliers are aware of the terms of payment and pay in accordance with its contractual and other obligations. The Company's policy is to settle the supplier's invoice for the complete provision of goods and services (unless there is an express provision for stage payments), when in full conformity with the terms and conditions of the purchase, within the agreed payment terms.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Group has a comprehensive programme of activity on environmental issues. It runs an active carbon-saving programme and has taken action on issues such as transport, lighting, heating and recycling.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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 that the financial statements comply with IFRSs as adopted by the European Union.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

For each director in office at the date the directors' report is approved:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly PricewaterhouseCoopers Limited Liability Partnership (LLP) will be the auditors of the Company for the forthcoming financial year under the provisions of section 386(2) of the Companies Act 1985.

BY ORDER OF THE BOARD

Director
4 November 2009

Independent auditors' report to the members of Nationwide Syndications Limited

We have audited the financial statements of Nationwide Syndications Limited for the year ended 31 March 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Recognised Income and Expense, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the listing of Directors and Advisors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Nationwide Syndications Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2009 and of its profit and cash flows for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

4 November 2009

NATIONWIDE SYNDICATIONS LIMITED

Income statement for the year ended 31 March 2009

	Notes	**2009 £'000**	2008 £'000
Interest receivable		41,133	49,137
Interest payable	3	(34,386)	(41,772)
Net interest income		6,747	7,365
Fee income receivable		280	892
Administrative expenses	4	(173)	(155)
Profit before tax		6,854	8,102
Taxation	7	(1,697)	(2,431)
Profit for the year attributable to equity shareholders		5,157	5,671

The above results are derived from continuing activities of the business.

The accounting policies and notes on pages 12 to 23 form part of these financial statements.

Balance sheet as at 31 March 2009

	Notes	**2009** **£'000**	2008 £'000
Non current assets			
Loans and advances to customers	8	799,015	738,905
Current assets:			
Corporation tax asset		1,655	1,073
Total assets		800,670	739,978
Current liabilities			
Amounts due to parent undertakings	9	247,733	216,109
Amounts due to credit institutions	9	1,732	-
Group relief payable		2,865	2,334
Non current liabilities			
Amounts due to parent undertakings	10	456,962	435,314
Total liabilities		709,292	653,757
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	91,378	86,221
Equity shareholder's funds	12	91,378	86,221
Total equity and liabilities		800,670	739,978

The accounting policies and notes on pages 12 to 23 form part of these financial statements.

The financial statements were approved by the Board of Directors on 4 November 2009.

Signed on behalf of the Board of Directors.

.... Director

Statement of recognised income and expense for the year ended 31 March 2009

The only item to be disclosed in the Statement of recognised income and expense is the net profit for the year of £5,157,000 (2008 : £5,671,000).

The accounting policies and notes on pages 12 to 23 form part of these financial statements.

NATIONWIDE SYNDICATIONS LIMITED

Cash flow statement for year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Profit before tax		6,854	8,102
Adjustments for:			
• (Increase)/Decrease in loans and advances to customers		(60,110)	225,922
• Increase/(Decrease) in current liabilities		1,732	-
• Increase/(Decrease) in group relief		531	2,334
• Taxation		(2,279)	(4,833)
Net cash from operating activities		(53,272)	231,525
Cash flows from financing activities			
Adjustment for Increase /(Decrease) in amounts due to parent undertaking		53,272	(233,163)
Net cash from financing activities		53,272	(233,163)
Net increase/(decrease) in cash		-	(1,638)
Cash and cash equivalents at the start of the year		-	1,638
Cash and cash equivalents at the end of the year		-	-

The accounting policies and notes on pages 12 to 23 form part of these financial statements.

1. Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and with those parts of the Company's Act 1985, applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention. A summary of the significant accounting policies is set out below.

The Company has adopted the amendment to IAS 1 'Presentation of Financial Statements: Capital Disclosures'. This standard requires additional disclosures of the objectives, policies and processes for managing capital, quantitative data about what the Company regards as capital, and compliance with capital requirements.

Future Accounting Developments

The following pronouncements will be relevant to the Company but were not effective at 31 March 2009 and have not been applied in preparing these financial statements. The full impact of these accounting changes is being assessed by the Company; however, the initial view is that these pronouncements are not expected to cause any significant impact on the Company accounts other than as noted in the following tables.

The following pronouncements have been adopted by the European Union (EU) but are not yet effective:

Pronouncement	Nature of change	Effective date
IAS 1 Presentation of Financial Statements (Revised)	This will revise the presentation of financial statements including a single statement of comprehensive income or a separate income statement and a statement of comprehensive income with a statement of movements in reserves. Adopting this change would only result in a presentational change to the financial statements. There will be no change in the recognition, measurement or disclosure of transactions and events.	Annual Periods (AP) beginning on or after 1 January 2009
IFRS 8 Operating Segments	Replaces IAS 14 Segment Reporting and requires the reporting of information on operating segments based on how financial information is reported and evaluated internally. The Company is currently assessing the impact of this standard.	AP beginning on or after 1 January 2009

Future Accounting Developments continued

The following pronouncements have been adopted by the European Union (EU) but are not yet effective:

Pronouncement	Nature of change	Effective date
IAS 23 Borrowing Costs (Revised)	Relates to interest costs on assets that take a substantial time to get ready for intended use or sale. The option to recognise all borrowing costs immediately as an expense is eliminated, such costs must be capitalised. All other borrowing costs should be expensed as incurred. The Company is currently assessing the impact of this amendment with particular focus on the Company's ongoing investment in systems and infrastructure.	AP beginning on or after 1 January 2009
IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements- puttable financial instruments and obligations arising on liquidations (Amended)	This amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity (currently would be classified as financial liabilities). Nationwide holds no such instruments.	AP beginning on or after 1 January 2009
Improvements to IFRSs (May 2008)	Several small amendments with no significant impact for the Company.	AP beginning on or after 1 January 2009
IFRIC 13 Customer Loyalty Programmes	Addresses accounting by entities who grant customer loyalty award credits to customers as part of sales transactions which can be redeemed in the future for free or discounted goods or services. The Company is currently investigating the impact of this pronouncement. It is expected the pronouncement will only be applicable to the Nationwide cash reward credit card. The impact is not expected to be material.	AP beginning on or after 1 July 2008

The following pronouncements are neither adopted by the EU nor effective for this financial year:

IFRS 7 Improving Disclosures about Financial Instruments	The amendment clarifies and enhances disclosures about fair value measurements and the liquidity risk of financial instruments. We expect the amendment will result in further changes and enhancements to the risk disclosures provided in note 46. We have already adopted elements of the enhanced disclosure in note 46 in response to the original exposure draft.	AP beginning on or after 1 January 2009
Improvements to IFRS's (April 2009)	Several small amendments with no significant impact for the company.	AP beginning on or after 1 January 2010

Interest receivable and interest expense

For instruments measured at amortised cost the effective interest method is used to measure the carrying value of a financial asset or a liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Interest receivable and interest expense continued

In calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption penalty charges), but does not consider future credit losses. The calculation includes all fees received and paid and costs borne, that are an integral part of the effective interest rate, and all other premiums or discounts above or below market rates.

Once a financial asset or group of similar financial assets has been written down as result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commissions

Direct fees and costs incremental to generating a financial instrument are deferred and spread as interest receivable or expense on an effective interest basis.

Other fees and commissions are recognised on the accrual basis as services are provided, or on the performance of a significant act.

Taxation including deferred tax

Corporation tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which profits arise.

Deferred corporation tax is provided in full, using the liability method, the temporary differences arising between the tax bases of assets and liabilities and carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax is realised or settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised costs using the effective interest method.

Impairment of loans and receivables

The Company assesses at each balance sheet date whether, as a result of one or more events that occurred after initial recognition, there is objective evidence that a financial asset or group of financial assets is impaired. Evidence of impairment may include indications that the borrower or group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments or the debt being restructured to reduce the burden on the borrower.

The Company first assesses whether objective evidence of impairment exists either individually for assets that are separately significant or individually or collectively for assets that are not separately significant. If there is no objective evidence of impairment for an individually assessed asset it is included in a group of assets with similar credit risk characteristics and collectively assessed for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The resultant provisions have been deducted from the appropriate asset values in the Balance sheet.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the directors to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the provision is adjusted and the amount of the reversal is recognised in the Income statement.

Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decreases the amount of impairment losses recorded in the Income statement.

Loans subject to collective impairment assessment and whose terms have been renegotiated are no longer considered to be past due or impaired but are treated as new loans after the minimum required number of payments under the new arrangements have been received. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or are considered to be past due.

Derecognition of financial assets and liabilities

Derecognition is the point at which the Company removes an asset or liability from its Balance sheet. The Company's policy is to derecognise financial assets only when the contractual right to the cash flows from the financial asset expires.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including Loans and advances to banks and other amounts due from Banks or Nationwide Building Society

Provisions for liabilities and charges

A provision is recognised where there is a present obligation as a result of a past event, it is probable that the obligation will be settled and it can be reliably estimated.

Contingent liabilities have not been recognised.

2. Judgements in applying accounting policies and critical accounting estimates

Critical accounting estimates

The Company has to make judgements in applying its accounting policies which affects the amounts recognised in the accounts. In addition, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the following financial year. The most significant areas where judgements and estimates are made as follows:

Impairment provisions

In accordance with the accounting policy on the impairment of loans and advances to customers, where objective evidence exists that a loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Key assumptions included in the measurement of the incurred loss include data regarding the probability of any account going into default, the probability of defaulted accounts progressing to possession and the eventual loss incurred in the event of forced sale or write off. These assumptions are based on observed historical data and updated as management considers appropriate to reflect current and future conditions. The accuracy of the impairment provision would therefore be affected by unexpected changes in the above assumptions.

Taxation

Significant estimates are required in determining the provision for corporation tax. There are a number of transactions for which the final tax determination is uncertain at the balance sheet date.

3. Interest payable	2009 £'000	2008 £'000
Interest payable to parent undertaking	34,386	41,772
	34,386	41,772

4. Administrative expenses	2009 £'000	2008 £'000
Management and other service related charges from parent	173	155
	173	155

4. Administrative expenses (continued)

All administration is performed by employees of the company's parent undertaking, the costs of which are recharged through the above management charge.

Auditors' remuneration was borne by the parent undertaking. Auditors' remuneration in 2008 related to the release of a prior year accrual.

5. Employee information

The average number of employees during the year was nil (2008 – nil).

6. Directors' emoluments

The directors do not receive any emoluments in respect of their services to the company (2008 - nil).

Of the directors who served during the period, no retirement benefits are accruing to any of them under any pension scheme in respect of their services to the company (2008 - nil).

7. Tax on profit on ordinary activities
Charges / (Credit)

	2009	2008
	£'000	£'000
Current tax:		
UK corporation tax at 28% (2008 - 30%)	**-**	97
UK corporation tax - adjustments in respect of prior periods	**(319)**	-
Group relief	**1,919**	2,334
Group relief - adjustments in respect of prior periods	**97**	-
Taxation	**1,697**	2,431

The actual tax charge for the year differs from that calculated using the standard rate of corporation tax in the UK (28%) (2008: 30%). The differences are explained below:

	2009	2008
	£'000	£'000
Profit / (loss) on ordinary activities before tax	**6,854**	8,102
Tax calculated at a tax rate of 28% (2008 - 30%)	**1,919**	2,431
Effects of:		
Adjustments with respect to prior periods	**(222)**	-
Taxation	**1,697**	2,431

8. Loans and advances to customers

Loans and advances to customers comprise commercial mortgage advances to Registered Housing Associations, secured on their underlying assets, which are repayable over periods in excess of one year.

9. Current liabilities: Other amounts due in less than one year	**2009**	2008
	£'000	£'000
Amounts due to parent undertaking	247,733	216,109
Amounts due to credit institutions	1,732	-
	249,465	216,109

10. Non-Current liabilities: Amounts due to parent undertaking	**2009**	2008
	£'000	£'000
Amounts due to parent undertaking	456,962	435,314

All amounts due to the parent undertaking are utilised to fund the company's commercial assets. Commercial interest rates are charged. The parent has confirmed in writing that it will continue to fund the company's assets in line with the repayment of those assets.

11. Called up share capital	**2009**	2008
	£	£
Ordinary shares of £1 each		
Authorised	2	2
Allotted, issued and fully paid 2 ordinary shares of £1 each	2	2

12. Reconciliation of the movement in shareholders' funds

	Profit and Loss account	**Share Capital**	**Shareholders Funds**
	£'000	**£'000**	**£'000**
At 1 April 2007	80,550	-	80,550
Profit for year ended 31 March 2008	5,671	-	5,671
At 1 April 2008	86,221	-	86,221
Profit for year ended 31 March 2009	5,157	-	5,157
At 31 March 2009	91,378		91,378

13. Risk management and control

Overview

Nationwide Syndications Limited seeks to manage appropriately all the risks that arise from its activities. The principal risks inherent within the Company's business are market risk, credit risk, liquidity risk and operational risk.

Credit risk

Credit risk is the risk that a customer or counterparty will not be able to meet its obligations as they become due. Credit risk is managed through a combination of risk analytics, which includes the use of credit checking agencies and risk policies. Significant changes in the economy, or a sector that represents a concentration of the Company's portfolio, could result in losses that are different from those provided for at the balance sheet date.

The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date. The company had not incurred any credit losses at the balance sheet date and therefore no provisions were provided.

Market risk

The net interest income of Nationwide Syndications Limited is exposed to movements in market interest rates. These movements do not pose a significant risk to the net interest income as the funding rates are matched to the terms on the underlying assets, floating rate assets have floating rate funding and fixed rate assets have fixed rate funding.

Exposure to interest rate risk is not a material risk to Nationwide Syndications Limited therefore individual sensitivity analysis has not been performed but has been managed at Group level on a continuous basis, within limits set by the Nationwide Building Society Board. The Nationwide Group uses three metrics to monitor the Group's interest rate risk. Limits have been established around these metrics to reflect the Nationwide Group's low risk appetite. The metrics are not calculated at individual subsidiary level. Details of the metrics used to monitor Group interest rate risk are included in the Nationwide Building Society accounts.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

The group liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding, to retain full public confidence in the solvency of the group and to enable it to meet all financial obligations. This is achieved through maintaining a prudent level of liquid assets, through management control of the growth of business and through wholesale funding facilities.

13. Risk management and control (continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

At 31 March 2009 – Residual maturity	Repayable on demand £'000	Up to 3 months £'000	3 - 12 months £'000	1 - 5 years £'000	More than 5 years £'000	Total £'000
Assets						
Loans and advances to customers	2,811	5,000	20,000	96,669	674,535	799,015
Other assets			1,655			1,655
Total assets	2,811	5,000	21,655	96,669	674,535	800,670
Liabilities						
Amounts owed to banks, customers and debt securities in issue	209,660	-	42,000	64,585	390,182	706,427
Other liabilities		-	2,865			2,865
Total liabilities	209,660	-	44,865	64,585	390,182	709,292
Net liquidity gap	(206,849)	5,000	(23,210)	32,084	284,353	91,378

At 31 March 2008 – Residual maturity	Repayable on demand £'000	Up to 3 months £'000	3 - 12 months £'000	1 - 5 years £'000	More than 5 years £'000	Total £'000
Assets						
Loans and advances to customers	3,600	10,000	13,500	101,766	610,039	738,905
Other assets			1,073			1,073
Total assets	3,600	10,000	14,573	101,766	610,039	739,978
Liabilities						
Amounts owed to banks, customers and debt securities in issue	175,742	10,000	12,500	79,085	374,096	651,423
Other liabilities			2,334			2,334
Total liabilities	175,742	10,000	14,834	79,085	374,096	653,757
Net liquidity gap	(172,142)	-	(261)	22,681	235,943	86,221

Other assets include amounts owed by parent undertaking and other assets.

Other liabilities include current tax liabilities.

The Group Assets and Liabilities Committee ("ALCO") is responsible for setting limits over the level and composition of liquidity balances and the level and maturity profile of wholesale funding. A series of liquidity stress tests is performed by ALCO each month to confirm that the limits remain appropriate.

13. Risk management and control (continued)

The following is an analysis of the gross contractual cash flows payable under financial liabilities:

At 31 March 2009 – Gross Contractual cash flows	Repayable on demand	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities						
Amounts owed to banks	207,918	961	52,872	89,953	406,572	758,276
Total liabilities	207,918	961	52,872	89,953	406,572	758,276

At 31 March 2008 – Gross Contractual cash flows	Repayable on demand	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities						
Amounts owed to banks,	175,742	13,269	44,166	173,541	427,488	834,206
Total liabilities	175,742	13,269	44,166	173,541	427,488	834,206

Operational risk

Operational risk is the risk associated with the operational activities of the business. An operational risk framework is in place to monitor, evaluate and resolve operational risk issues as they are identified and ultimately to limit the incidence of future operational risk issues to an acceptable level.

Fair value of financial assets and liabilities

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the company balance sheets at fair value.

2009	Carrying value £'000	Fair value £'000
Financial assets		
Loans and advances to customers	799,015	853,313
Financial liabilities		
Amounts due to parent undertaking	706,427	760,725

2008	Carrying value £'000	Fair value £'000
Financial assets		
Loans and advances to customers	738,905	746,105
Financial liabilities		
Amounts due to parent undertaking	653,757	660,957

13. Risk management and control (continued)

a) Loans and advances to customers

Historically there have been no incurred losses recorded for any commercial mortgage advances; consequently no impairment provision has been provided. The estimated fair value of loans and advances represents the discounted value of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

b) Amounts due to parent undertaking

The estimated fair value of fixed interest bearing deposits and other borrowings without a quoted market price is based on discounted cash flows using interest rates matched to the underlying loan asset.

14. Related party transactions

Key Management Personnel

Key management personnel include both the directors of Nationwide Syndications Limited and the parent and ultimate controlling company, Nationwide Building Society.

No transactions were entered into with key management personnel. See note 6.

Transaction with Group Companies

A number of transactions are entered into with the parent undertaking in the normal course of business. These include loans, and the payment and recharge of administrative expenses. The volumes of related party transactions, outstanding balances at the year end, and the related income and expenses for the year are as follows:

	2009 **£'000**	2008 £'000
Loans payable to Nationwide Building Society		
Loans outstanding at 1 April	651,231	884,586
Loans issued during the year	207,786	69,237
Loan repayments during the year	(154,332)	(302,592)
Loans outstanding at 31 March	704,685	651,231
Net interest expense		
Interest expense	34,386	41,772
Other income and expenses		
Fees and expenses paid to the Society	173	155

15. Commitments

The company has commitments to lend of £110.0 million at 31 March 2009 (2008 - £188.6 million) under existing syndicated lending facilities.

16. Capital management

Capital comprises the retained earnings and share capital. Capital is managed on a Group basis.

The Group is subject to the capital requirements imposed by its regulator the Financial Services Authority (FSA). During the year the Group complied with the capital requirements set by the FSA.

Further information on the Group's capital position can be viewed in the Business Review on page 19 of the Group Annual Report and Accounts, which can be obtained from the address below.

17. Ultimate Parent Undertaking

The company is a wholly owned subsidiary of Nationwide Building Society, its immediate and ultimate parent and controlling party which is registered in England. Copies of the Group accounts can be obtained from Nationwide House, Pipers Way, Swindon, SN38 1NW.