

**NATIONWIDE SYNDICATIONS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 MARCH 1997**

Registered No: 2537970



## NATIONWIDE SYNDICATIONS LIMITED

### DIRECTORS' REPORT

The directors submit their Report together with the audited financial statements for the year ended 31 March 1997.

#### 1. Principal Activities

The company operates as a mortgage lender specialising in syndicated loans.

#### 2. Business Review And Future Developments

Nationwide Syndications Limited continues to successfully undertake all key roles associated with syndicated lending. The current high profile of Nationwide Syndications Limited in the Registered Housing Association market will be maintained.

#### 3. Results And Dividends

The profit for the financial year amounted to £ 4,533,088 (1996 - £4,239,404) and has been transferred to reserves. The directors do not recommend the payment of a dividend.

#### 4. Directors

The following were directors of the company during the year:

P F Williamson (Chairman)

G J Beale

B Darling

R G Lassen                resigned 26 September 1996

M A Willis                appointed 26 September 1996

J R Wood

The directors have no beneficial interests in the shares of the company.

#### 5. Close Company Status

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### 6. Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint Price Waterhouse as auditors will be proposed at the forthcoming Annual General Meeting.

#### 7. Insurance

Insurance has been taken out for the Company's Directors and officers against liabilities in relation to the Company, under S 310 CA 1985.

**NATIONWIDE SYNDICATIONS LIMITED****DIRECTORS' REPORT continued****8. Going Concern**

Following the repeal of Section 22 of the Building Societies Act 1986 which came into effect on 11 June 1996, the company's parent Nationwide Building Society, has confirmed in writing that it will continue to fund the company's activities for the foreseeable future. Taking this into account, the Directors have a reasonable expectation that the company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

**9. Responsibilities of Directors  
in respect of the preparation of the Financial Statements**


The following statement, which should be read in conjunction with the statement of the auditors' responsibilities on page 3, is made by the directors to explain their responsibilities in relation to the preparation of the financial statements and directors' report.

The directors are required by Company Law to prepare, for each financial year, financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year. In preparing those financial statements the directors are required to

- \* select appropriate accounting policies and 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 financial statements
- \* prepare the financial statements 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

  
J R WOOD  
Director

26 June 1997

## **REPORT OF THE AUDITORS TO THE MEMBERS OF NATIONWIDE SYNDICATIONS LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 6.

### **Respective responsibilities of Directors and Auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

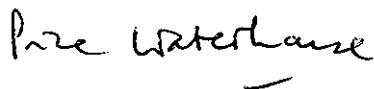
### **Basis of opinion**

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 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.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 1997, of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
London

26 June 1997

# NATIONWIDE SYNDICATIONS LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 1997

	Notes	1997 £	1996 £
Interest receivable		33,735,112	23,197,510
Interest payable	1	(29,379,060)	(19,833,731)
		<hr/>	<hr/>
Net interest receivable		4,356,052	3,363,779
Administrative expenses		(31,502)	(30,500)
Other operating income		2,441,253	2,994,189
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	6,765,803	6,327,468
Tax on profit on ordinary activities	4	(2,232,715)	(2,088,064)
		<hr/>	<hr/>
Profit for the financial year	9	4,533,088	4,239,404
		<hr/>	<hr/>

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

There have been no recognised gains or losses other than the profit for both financial years. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The Notes on pages 6 to 9 form part of these financial statements.

## NATIONWIDE SYNDICATIONS LIMITED

## BALANCE SHEET

At 31 March 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors			
Commercial Assets	5	508,077,081	348,013,012
CREDITORS: Amounts falling due within one year	6	(3,440,925)	(3,623,049)
TOTAL ASSETS LESS CURRENT LIABILITIES		504,636,156	344,389,963
CREDITORS: Amounts falling due after more than one year	7	(493,102,525)	(337,389,420)
		11,533,631	7,000,543
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	11,533,629	7,000,541
TOTAL SHAREHOLDERS' FUNDS - ALL EQUITY INTERESTS		11,533,631	7,000,543

The financial statements were approved by the Board of Directors on 26 June 1997.

The Notes on pages 6 to 9 form part of these financial statements.

Signed on behalf of the Board of Directors.

  
J R WOOD Director

## NATIONWIDE SYNDICATIONS LIMITED

### STATEMENT OF ACCOUNTING POLICIES

a) **Accounting convention**

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

b) **Deferred taxation**

Deferred taxation is provided at anticipated tax rates on timing differences to the extent that it is probable that a tax liability or asset will crystallise in the foreseeable future.

c) **Syndicated loan fees**

Loan arrangement fees received are deferred over a period of typically one year to match the investment monitoring activities to which they relate.

d) **Provision for bad and doubtful debts**

Throughout the year and at the year end, assessments are made of all loans and advances in arrears and where necessary provision made to reduce the value of loans and advances to the amount which the Directors consider is likely to be recoverable.

e) **Cashflow Statement**

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from preparing a cashflow statement as its parent undertaking prepares consolidated financial statements which include the company and which are publicly available.

## NATIONWIDE SYNDICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 1997

	1997	1996
	£	£
1 INTEREST PAYABLE		
Interest payable to parent undertaking	29,379,060	19,833,731
	<hr/>	<hr/>
2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1997	1996
	£	£
Profit on ordinary activities is after charging/(crediting):		
Auditors' remuneration	3,000	3,000
Management charge from parent	27,500	27,500
Legal charge from parent	1,000	-
Loan arrangement fees	(1,683,064)	(2,270,592)
Other fees	(758,189)	(723,597)
	<hr/>	<hr/>

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

## 3 DIRECTORS' EMOLUMENTS

The directors do not receive any emoluments in respect of their services to the company.

	1997	1996
	£	£
4 TAX ON PROFIT ON ORDINARY ACTIVITIES		
United Kingdom corporation tax based on profit for the year at 33% (1996 - 33%)	2,232,715	2,088,064
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## 5 COMMERCIAL ASSETS

Commercial assets comprise advances to Registered Housing Associations, secured on their underlying assets, which are generally repayable over periods in excess of one year.



## NATIONWIDE SYNDICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued  
Year ended 31 March 1997

6	CREDITORS: Amounts falling due within one year	1997 £	1996 £
	Amount due to parent undertaking	14,828	25,158
	Other creditors	3,000	95,500
	Corporation tax payable	2,232,715	2,088,064
	Accruals and deferred income	1,190,382	1,414,327
		<u>3,440,925</u>	<u>3,623,049</u>

7	CREDITORS: Amounts falling due after more than one year	1997 £	1996 £
	Amount due to parent undertaking	493,102,525	337,389,420
		<u></u>	<u></u>

The amount due to parent is utilised to fund the company's commercial assets and repayment is due in line with repayment of those assets.

8	CALLED UP SHARE CAPITAL	1997 £	1996 £
	Ordinary shares of £1 each		
	Authorised	2	2
		<u></u>	<u></u>
	Allotted, issued and fully paid	2	2
		<u></u>	<u></u>

9	PROFIT AND LOSS ACCOUNT	1997 £	1996 £
	At 1 April	7,000,541	2,761,137
	Retained profit for the year	4,533,088	4,239,404
		<u></u>	<u></u>
	At 31 March	11,533,629	7,000,541
		<u></u>	<u></u>

10	RECONCILIATION OF THE MOVEMENT IN SHAREHOLDERS' FUNDS	1997 £	1996 £
	Profit for the financial year	4,533,088	4,239,404
	Opening shareholders' funds	7,000,543	2,761,139
		<u></u>	<u></u>
	Closing shareholders' funds	11,533,631	7,000,543
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## NATIONWIDE SYNDICATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS continued Year ended 31 March 1997

#### 11 COMMITMENTS

The company has commitments to lend £200.9 million at 31 March 1997 (1996 - £174.6 million) under existing syndicated lending transactions.

#### 12 OWNERSHIP

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

#### 13 RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the company has taken advantage of the exemptions permitted for related party transactions as a result of being a wholly owned subsidiary of a Group, where the parent undertaking prepares consolidated financial statements which include the company and which are publicly available.