

**ABBHEY NATIONAL PROPERTY SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

**Registered No. 2937720**



# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Report of the Directors

The Directors submit their report together with the audited accounts for the year ended 31 December 2000.

### 1. Principal activity and review of the year

The principal activities of the Company were commercial and residential estate agency and the provision of related services.

The company disposed of all its long leasehold properties during the year, with all remaining leaseholds expiring at the end of 2001.

The Company has not traded during the year. No future changes in activity are envisaged.

### 2. Results and Dividend

The results for the year are set out on page 5. The profit of £2,585,338 (1999 - £19,718) will be transferred to reserves. The Directors do not recommend the payment of a dividend (1999: nil).

### 3. Directors and their interests

The Directors who served during the year were :

Mr L J Hannam  
Mr J G Price  
Mr D L Garner (appointed 1 August 2000)  
Mr J King (resigned 1 August 2000)

None of the Directors had a beneficial interest in the shares of the Company at the year end. The Directors' interests in the shares of the ultimate holding Company, Abbey National plc, (other than those disclosed in that Company's annual report) were as follows :

#### Ordinary Shares 10p each

Directors	As at 1 January 2000 or at date of appointment if later.	Shares acquired during the year or since appointment if later.	Shares disposed of during the year or since appointment if later.	As at 31 December 2000
Mr L J Hannam	0	0	0	0
Mr J G Price	10,207	2,418	1,500	11,125
Mr D L Garner	699	0	0	699

#### Option Schemes - Ordinary Shares 10p each

Directors	As at 1 January 2000 or at date of appointment if later	Options granted during the year or since appointment if later.	Options exercised during the year or since appointment if later.	As at 31 December 2000
Mr L J Hannam	0	1,973	0	1,973
Mr J G Price	26,833	16,591	2,986	40,438
Mr D L Garner	2,411	0	0	2,411

# **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

## **Report of the Directors (continued)**

Options granted to Directors under the ultimate holding Company's Sharesave Scheme are exercisable at prices between 428 pence and 1087 pence per share within six months of the third, fifth or seventh anniversary of the contract start date. Options granted under the Executive Share Option Scheme and Employee Share Option Schemes are exercisable at prices between 590 pence and 1306 pence per share after three years or five years and before 10 years from the date of grant.

Shares in respect of Executive Share Options granted in 2000 are held by the Abbey National ESOP Trust (the 'Trust'). Whilst the Directors' interest in these shares (if any) are included above, each of the directors of the Company is a potential beneficiary of the Trust and is therefore deemed to have an interest in the shares held by the Trust. At 31 December 2000 the Trust held 4,323,411 ordinary shares (1999 – 1,689,352).

Shares awarded under the Abbey National Long Term Incentive Plan (the 'Plan') are held by the Abbey National Employee Trust (the 'Employee Trust'). Whilst the Plan is currently restricted to members of the Abbey National plc Executive Committee, each of the directors of the Company is a potential beneficiary of the Employee Trust and is therefore deemed to have an interest in the shares held by the Employee Trust. At 31 December 2000, the Employee Trust held 604,362 ordinary shares (1999 – 389,320).

## **4. Directors' Responsibility in respect of the Preparation of Accounts**

The Directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit or loss for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2000. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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 the Company's system of internal control and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **5. Economic Monetary Union**

No material costs or issues arose during the year ended 31 December 2000 as a result of EMU.

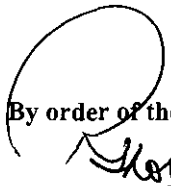
# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Report of the Directors (continued)

### 6. Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually.

The Directors resolved to appoint Deloitte & Touche as auditors of the Company, in accordance with the resolution by Abbey National plc to appoint Deloitte & Touche as auditors of Abbey National plc and its subsidiaries.

  
By order of the Board

Secretary or  
For and behalf of  
Abbey National Secretariat Services Limited

30th May

2001

Registered Office:  
Abbey House  
Baker Street  
London  
NW1 6XL

# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Auditors' report to the members of ABBEY NATIONAL PROPERTY SERVICES LIMITED

We have audited the financial statements on pages 5 to 10, which have been prepared under the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**  
Chartered Accountants and Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London  
EC4A 4TR

*7 June 2001*

**ABBHEY NATIONAL PROPERTY SERVICES LIMITED****Profit and Loss Account****For the year ended 31 December 2000**

	Notes	2000 £	1999 £
Other income	2	202,471	127,228
Other expenditure	3	(385,997)	(291,750)
Provisions released	9	2,832,975	188,549
<b>OPERATING PROFIT</b>		<u>2,649,449</u>	<u>24,027</u>
Interest receivable	4	<u>5,429</u>	<u>4,331</u>
<b>PROFIT on ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	2,654,878	28,358
Taxation on profit on ordinary activities	6	<u>(69,540)</u>	<u>(8,640)</u>
<b>PROFIT on ORDINARY ACTIVITIES AFTER TAXATION</b>	11	2,585,338	19,718
Profit and loss account b/f at 1 January		<u>(15,043,820)</u>	<u>(15,063,538)</u>
Profit and loss account c/f at 31 December		<u><u>(12,458,482)</u></u>	<u><u>(15,043,820)</u></u>

There are no recognised gains or losses in either the current or previous financial years other than the profit for the financial year and therefore no statement of total recognised gains and losses is required.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All transactions are derived from continuing operations.

# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Balance Sheet

As at 31 December 2000

	Notes	2000 £	1999 £
<b>CURRENT ASSETS</b>			
Debtors	7	587,474	395,225
Cash at bank and in hand		197,089	191,441
		<u>784,563</u>	<u>586,666</u>
<b>CREDITORS - amounts falling due within one year</b>	8	<u>(13,023,620)</u>	<u>(12,228,985)</u>
<b>TOTAL ASSETS less CURRENT LIABILITIES</b>		(12,239,057)	(11,642,319)
<b>PROVISIONS for LIABILITIES and CHARGES</b>	9	(219,423)	(3,401,499)
		<u></u>	<u></u>
<b>NET LIABILITIES</b>		<u>(12,458,480)</u>	<u>(15,043,818)</u>
<b>CAPITAL and RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account		<u>(12,458,482)</u>	<u>(15,043,820)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>(12,458,480)</u>	<u>(15,043,818)</u>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 30th May 2001 and were signed on its behalf by : **DARREN GARNER**



Director

# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Notes to the Accounts for the year ended 31 December 2000

### 1. Accounting Policies

#### Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

- (1) Interest receivable is calculated on an accruals basis.
- (2) The Company is a wholly owned subsidiary of Abbey National plc, a Company incorporated in Great Britain. Accordingly the Company is not required to produce a cash flow statement as prescribed in paragraph 5 (a) of Financial Reporting Standard No.1 (revised 1996), Cash Flow Statements.
- (3) Rentals payable under operating leases are charged to the Profit & Loss account on a straight line basis over the period of the lease.
- (4) Properties are leased to customers under operating leases and income is included in the Profit & Loss account on a straight line basis over the period of the lease.

### 2. Other Income

Rental income represents amounts receivable under operating leases in accordance with note 1(3) above

	2000	1999
	£	£
Rental income	42,764	123,472
Sundry income	41,794	3,756
Profit on sale of leaseholds	117,913	-
Total	<u>202,471</u>	<u>127,228</u>

Sundry income consists of costs recovered from sub – tenants for maintenance work.

### 3. Other Expenditure

	2000	1999
	£	£
Management fees payable	(4,800)	(5,308)
Property expenses	(29,977)	(102,994)
Administration expenses	(351,220)	(183,448)
Total	<u>(385,997)</u>	<u>(291,750)</u>

### 4. Interest Receivable

	2000	1999
	£	£
Bank interest	5,429	4,282
Other interest receivable	-	49
Total	<u>5,429</u>	<u>4,331</u>



# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Notes to the Financial Statements for the year ended 31 December 2000 (continued)

### 5. Profit on Ordinary Activities before Taxation

Directors' emoluments and auditors' remuneration for 2000 are borne by the Parent Company, Abbey National plc. No emoluments were paid to Directors by the Company during the year and it is not practical for the Parent Company to apportion Directors' emoluments.

The Company has no employees (1999: nil). No management fee for administration services is charged by the immediate parent (1999: nil).

### 6. Taxation on Profit on Ordinary Activities

	2000	1999
	£	£
Group relief payable at 30% (1999: 30.25%)-current	(53,377)	(8,640)
-prior	(16,163)	-
Total	<u>(69,540)</u>	<u>(8,640)</u>

The taxation charge is different from the effective rate due to the release of provisions which are not liable to tax.

### 7. Debtors : amounts falling due within one year

	2000	1999
	£	£
Other Debtors	587,474	395,225
Total	<u>587,474</u>	<u>395,225</u>

### 8. Creditors : amounts falling due within one year

	2000	1999
	£	£
Amounts owed to Group Companies	(12,694,204)	(12,214,059)
Group relief payable	(126,638)	(8,640)
Other creditors	(202,778)	(6,286)
Total	<u>(13,023,620)</u>	<u>(12,228,985)</u>

# **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 2000 (continued)**

### **9. Provisions for Liabilities and Charges**

	<b>Vacant Leasehold Provision £</b>	<b>Professional Indemnity Provision £</b>	<b>2000 Total £</b>	<b>1999 Total £</b>
As at 1 January	(3,344,744)	(56,755)	(3,401,499)	(3,847,369)
Transfers to profit and loss account	2,831,833	1,142	2,832,975	188,549
Utilisation of provisions	333,981	15,120	349,101	257,321
As at 31 December	<u>(178,930)</u>	<u>(40,493)</u>	<u>(219,423)</u>	<u>(3,401,499)</u>

A provision of £178,930 has been recognised in respect of rents payable on vacant properties leased by the Company. During 2000, rental obligations on properties leased by the company were re-assigned with the effect that all of the Company's property leases will now expire on 31 December 2001. The provision has been reduced accordingly.

The provision for litigation fees in respect of professional indemnity cases stands at £40,493 at the year end. The provision is for costs expected to be incurred on litigation cases which will not be covered by the Company's professional indemnity insurance.

### **10. Called up, allotted and fully paid Share Capital**

	<b>2000 £</b>	<b>1999 £</b>
Authorised: 100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid : 2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### **11. Reconciliation of movements in Shareholders' Funds**

	<b>2000 £</b>	<b>199 £</b>
Retained profit for the year	2,585,338	19,718
Opening shareholders' funds	(15,043,818)	(15,063,536)
Closing shareholders' funds	<u>(12,458,480)</u>	<u>(15,043,818)</u>

Notes to the Financial Statements for the year ended 31 December 2000 (continued)

**12. Other Financial Commitments**

Commitments under operating leases to pay rentals during the following year of these accounts are given below, analysed according to the period in which the lease expires:-

	2000	1999
	£	£
Land and buildings:		
expiring within 1 year	178,930	22,000
expiring during years 2 to 5	-	110,500
expiring thereafter	-	470,230
	<u>178,930</u>	<u>602,730</u>

**13. Related Party Disclosures**

There were no related party transactions during the year, or existing at the balance sheet date, with Directors of the Company.

The Company has taken advantage of the exemption covered by paragraph 3 (c) of FRS8 'Related parties' not to disclose transactions with entities that are part of the Abbey National Group.

**14. Ultimate Parent Company**

The controlling and ultimate Parent Company is Abbey National plc, which is incorporated in Great Britain. Copies of the consolidated financial statements of Abbey National plc may be obtained from Abbey House, Baker Street, London, NW1 6XL

**15. Parental Support**

The Company's liabilities exceed its assets and accordingly it is dependant upon the continuing support of its parent company. The Directors have obtained an undertaking from its ultimate parent company that such support will be provided for a period of at least 12 months from the date of approval of these accounts.