

**ABBEY NATIONAL PROPERTY SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**Registered No. 2937720**



# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Report of the Directors

The Directors submit their report together with the accounts for the year ended 31 December 1997.

### 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.

In 1995, the Company acquired the trade and certain net assets from Abbey National Beta Investments Limited and during that year disposed of its trade in commercial and residential estate agency. As a result of the acquisition and subsequent disposal, the Company gave certain undertakings and assumed certain liabilities.

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 4. The profit of £577,517 will be transferred to reserves. The Directors do not recommend the payment of a dividend.

### 3. Directors and their interests

The Directors who served during the year were :

Mr B A Brown  
Mr R W Fisher  
Mr J King  
Mr M A Pain

Mr M A Pain resigned as a Director of the Company on 1 March 1998.

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 1997 or at date of appointment if later.	As at 31 December 1997
Mr B A Brown	250	250
Mr R W Fisher	11,257	11,607
Mr J King	18,378	20,957
Mr M A Pain	4,343	5,581

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

Directors	As at 1 January 1997 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 1997
Mr B A Brown	150	0	0	150
Mr R W Fisher	72,140	7,223	2,353	77,010
Mr J King	114,515	291	10,025	104,781
Mr M A Pain	28,867	15,135	3,138	40,864

# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Report of the Directors (continued)

Options granted to Directors under the holding Company's Sharesave Scheme are exercisable at prices between 149p and 668p 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 254p and 722p per share after three years or five years and before 10 years from the date of grant.

Shares awarded under the Abbey National Long Term Incentive Plan (the 'Plan') are held by the Abbey National Employee Trust (the '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 Trust and is therefore deemed to have an interest in the shares held by the Trust. At 31 December 1997, the Trust held 129,780 ordinary shares (1996 - Nil).

### 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 of 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 1997. The Directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 5. Auditors

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

Coopers & Lybrand, the Company's auditors, are therefore deemed to be reappointed as the Company's auditors for each succeeding financial year, so long as such election remains in force.

  
**AUTHORISED SIGNATORY  
FOR AND ON BEHALF OF  
ABBEY NATIONAL SECRETARIAT  
SERVICES LIMITED**

15/10 1998:

Registered Office:  
Abbey House  
Baker Street  
London  
NW1 6XL

## **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

### **Report of the Auditors to the members of ABBEY NATIONAL PROPERTY SERVICES LIMITED**

We have audited the financial statements on pages 4 to 9.

#### **Respective Responsibilities of Directors and Auditors**

As described on page 2 the Company's Directors are responsible for the preparation of the 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 December 1997, and of its profit for the year to 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
London

*30 October 1998*

# **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

## **Profit and Loss Account**

**For the year ended 31 December 1997**

	Notes	1997 £	1996 £
Other income - discontinued operations	2	168,282	-
Other expenditure - discontinued operations	3	(155,000)	-
Administrative expense provisions released - discontinued operations	11	613,309	1,624,147
<b>OPERATING PROFIT</b>		<u>626,591</u>	<u>1,624,147</u>
Interest Receivable	5	<u>6,845</u>	<u>-</u>
<b>PROFIT on ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	633,436	1,624,147
Taxation on profit on ordinary activities	7	<u>(55,919)</u>	<u>-</u>
<b>RETAINED PROFIT for the year</b>	13	<u><u>577,517</u></u>	<u><u>1,624,147</u></u>

The Company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

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.

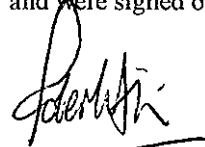
# **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

## **Balance Sheet**

**As at 31 December 1997**

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	8	-	1,540
<b>CURRENT ASSETS</b>			
Debtors	9	4,164,391	4,302,220
Cash at bank		<u>179,554</u>	<u>171,400</u>
		4,343,945	4,473,620
<b>CREDITORS - amounts falling due within one year</b>	10	<u>(15,188,312)</u>	<u>(14,330,910)</u>
<b>TOTAL ASSETS less CURRENT LIABILITIES</b>		(10,844,367)	(9,855,750)
<b>PROVISION for LIABILITIES and CHARGES</b>	11	(4,943,866)	(6,510,000)
<b>NET LIABILITIES</b>		<u>(15,788,233)</u>	<u>(16,365,750)</u>
<b>CAPITAL and RESERVES</b>			
Called-up share capital	12	2	2
Profit and loss account		<u>(15,788,235)</u>	<u>(16,365,752)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>(15,788,233)</u>	<u>(16,365,750)</u>

The financial statements on page 4 to 9 were approved by the Board of Directors on 15 October 1998 and were signed on its behalf by :



Director

# ABBEY NATIONAL PROPERTY SERVICES LIMITED

## Notes to the Financial Statements for the year ended 31 December 1997

### 1. Accounting Policies

a. Basis of Accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b. Interest Receivable

Interest receivable is calculated on an accruals basis.

c. Tangible Fixed Assets and Depreciation

The cost of tangible fixed assets represents the purchase cost, together with any incidental costs of acquisition.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Fixtures, fittings and equipment - 12.5%

d. Deferred Taxation

Provision is made for deferred taxation except where it is unlikely that such tax will become payable in the foreseeable future.

e. Cash Flow Statement

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.

### 2. Other Income

Other income represents monies received in respect of a settled legal case.

### 3. Other Expenditure

Other expenditure represents irrecoverable legal costs incurred on behalf of J Trevor, a former business of the Company.

### 4. Directors emoluments

	1997 £	1996 £
Directors' other emoluments (including pension contributions and benefits in kind )	-	43,939
Directors other emoluments ( excluding pension contributions ) include amounts paid to:		
The Chairman	-	-
The highest paid director	-	33,982

### 5. Interest Receivable

	1997 £	1996 £
Bank interest	6,659	-
Other interest receivable	186	-
Total	6,845	-

# **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 1997 (continued)**

### **6. Profit on Ordinary Activities before Taxation**

Directors' emoluments and auditors' remuneration for 1997 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. No management fee for administration services is charged by the immediate parent.

Profit on ordinary activities before taxation is stated after charging:

	1997	1996
	<u>£</u>	<u>£</u>
Depreciation	-	1,612
Auditors' remuneration	-	20,000
	<u>          </u>	<u>          </u>

### **7. Taxation**

	1997	1996
	<u>£</u>	<u>£</u>
Under provision of Corporation Tax in prior years	(269)	-
Group relief payable at 31.5% (1996: 33%)	(55,650)	-
Total	<u>(55,919)</u>	<u>          </u>

The taxation charge is different from the effective rate due to the release of provisions which are not liable to tax and expenditure incurred in relation to discontinued operations which is not allowable for tax purposes.

### **8. Tangible Fixed Assets**

	Fixtures, fittings and equipment <u>£</u>
<b>Cost</b>	
At 1 January 1997	2,559
Disposals	(2,559)
At 31 December 1997	<u>          </u>
<b>Depreciation</b>	
At 1 January 1997	1,019
Eliminated On Disposals	(1,019)
At 31 December 1997	<u>          </u>
<b>Net Book Value</b>	
At 31 December 1997	<u>          </u>
At 31 December 1996	<u>1,540</u>



# **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 1997 (continued)**

### **9. Debtors : amounts falling due within one year**

	1997	1996
	£	£
Other debtors	200,006	4,302,220
Amounts due from Group Companies	3,964,385	-
Total	<u>4,164,391</u>	<u>4,302,220</u>

Debtors are shown net of provisions of £25,000 ( 1996: £80,000)

### **10. Creditors : amounts falling due within one year**

	1997	1996
	£	£
Client accounts ( corresponding asset included in bank balances )	(743)	(716)
Amounts owed to Group Companies	(14,519,241)	(13,644,233)
Group relief payable	(55,650)	-
Corporation tax	(269)	-
Other taxation	-	24,830
Other creditors	(612,409)	(710,791)
Total	<u>(15,188,312)</u>	<u>(14,330,910)</u>

### **11. Provision for Liabilities and Charges**

	1997	1996
	£	£
As at 1 January	(6,510,000)	(9,238,532)
Transfers from profit and loss account	613,309	1,624,147
Utilisation of provisions	952,825	1,104,385
As at 31 December	<u>(4,943,866)</u>	<u>(6,510,000)</u>

### **12. Share Capital**

	1997	1996
	£	£
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>

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

	1997	1996
	£	£
Retained Profit for the Year	577,517	1,624,147
Opening Shareholders' funds	(16,365,750)	(17,989,897)
Closing Shareholders' funds	<u>(15,788,233)</u>	<u>(16,365,750)</u>

## **ABBEY NATIONAL PROPERTY SERVICES LIMITED**

### **Notes to the Financial Statements for the year ended 31 December 1997 (continued)**

#### **14. Capital Commitments and Contingent Liabilities**

There were no outstanding capital commitments or contingent liabilities at 31st December 1997.

#### **15. Related Party Transactions**

There were no related party transactions during the period, 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.

#### **16. 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.

#### **17. 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 holding company that such support will be provided for a period of at least 12 months from the date of approval of these accounts.