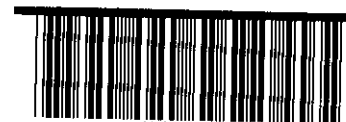


Registered Number: 4252666

Monument (Sutton) Limited

Directors' report and financial statements

For the year ended 31 March 2004



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MONUMENT (SUTTON) LIMITED

Directors and advisors

Directors

T R Plummer

J N Tibbles

J H Willens

Secretary

S Pritchard

Auditors

PricewaterhouseCoopers LLP

Southwark Towers

32 London Bridge Street

London SE1 9SY

Registered Office

Nationwide House

Pipers Way

Swindon

SN38 1NW

Registered Number

4252666

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2004.

Principal activities

The principal activities of the company are to acquire and manage property.

Business review and future developments

In the year the company has continued to manage its property portfolio. The directors expect the company's activities to continue in the forthcoming year and no significant changes in activities are anticipated.

Results and Dividends

The profit after taxation for the year to 31 March 2004 was £107,000 (2003: £853,000). The directors do not recommend the payment of a dividend.

Directors and directors' interests

The following were directors of the company during the year:-

T R Plummer
J N Tibbles
J H Willens

The directors have no beneficial interest in the company's share capital.

Fixed assets

Fixed assets are disclosed in note 9 to the financial statements.

Economic and monetary union

The Nationwide Group continues to plan for the possibility of UK entry into EMU and has plans which cover all group companies.

Going concern

After making enquiries, including enquiries of the parent, Nationwide Building Society, the directors have a reasonable expectation that the company has adequate resources to continue in business for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

MONUMENT (SUTTON) LIMITED

Directors' Report

Statement of directors' responsibilities in respect of the preparation of the financial statements

The following statement, which should be read in conjunction with the statement of respective responsibilities of directors and auditors on page 5, is made by the directors to explain their responsibilities in relation to the preparation of the financial statements.

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 affairs of the company as at the end of the year and of the profit or loss of the company for the 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 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 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



Director

21 October 2004

MONUMENT (SUTTON) LIMITED

Independent auditors' report to the shareholders of Monument (Sutton) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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 is 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 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

21 October 2004

MONUMENT (SUTTON) LIMITED**Profit and loss account for the year ended 31 March 2004**

	Note	2004 £'000	2003 £'000
Turnover	1	852	878
Administrative expenses		(298)	(110)
Operating profit		554	768
Interest receivable	2	38	9
Interest payable	3	-	(1)
Profit on ordinary activities before taxation	4	592	776
Tax on profit on ordinary activities	7	(485)	77
Profit for the financial year	16	107	853

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

There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Statement of total recognised gains and losses	2004 £'000	2003 £'000
Profit for the year	107	853
Unrealised gain/(deficit) on revaluation of fixed assets	381	(300)
Total profit recognised in the year	488	553

The accounting policies and notes on pages 8 to 14 form part of these financial statements.

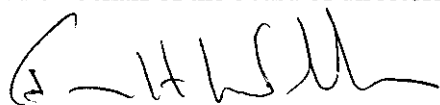
MONUMENT (SUTTON) LIMITED**Balance sheet at 31 March 2004**

	Note	2004 £'000	2003 £'000
Tangible fixed assets	9	8,319	7,850
Current assets			
Debtors: falling due within one year	10	294	396
Cash at bank	11	1,295	560
		1,589	956
Creditors: amounts falling due within one year	12	(1,040)	(426)
Net current assets		549	530
Total assets less current liabilities		8,868	8,380
Capital and reserves			
Called-up share capital	13	10,750	10,750
Revaluation reserve	15	(2,990)	(3,371)
Profit and loss account	16	1,108	1,001
Equity shareholder's funds	14	8,868	8,380

The accounting policies and notes on pages 8 to 14 form part of these financial statements.

The financial statements were approved by the board of directors on 21 October 2004.

Signed on behalf of the board of directors.



Director

MONUMENT (SUTTON) LIMITED

Statement of accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and have been drawn up in accordance with applicable accounting standards.

Rentals and service charges

Rentals receivable are recognised in the profit and loss account in the period to which they relate and any future rentals included in accruals and deferred income. Service charges receivable under the terms of leases are included in accruals and deferred income, to the extent that they exceed actual maintenance costs incurred.

Provision for bad and doubtful debts

Full provision is made against arrears where, in the opinion of the directors, the arrears are unlikely to be recovered.

Tangible fixed assets and depreciation

The directly attributable costs of additions and alterations to office premises, including borrowing costs incurred in the development of major premises, and additions to plant, machinery, equipment, fixtures and fittings and vehicles are capitalised.

Depreciation, where applicable, is provided against cost or valuation by the straight line method to write down the assets to their residual values over the following estimated useful lives:

Short leasehold premises	the period of the lease
Fixtures and fittings	7 to 10 years
Plant and machinery	5 to 10 years
Office equipment	5 to 7 years
Computer equipment	3 to 5 years
Motor vehicles	3 to 5 years

Freehold and long leasehold premises are included at an open market valuation for existing use. Movements in freehold and long leasehold valuations are taken to the revaluation reserve except where a deficit is deemed permanent, when it is taken to the profit and loss account.

Depreciation is not charged on freehold and long leasehold premises where the assets are continually maintained to a high state of repair and improved or extended from time to time such that their useful economic lives are so long and residual values, based on latest valuations, so high that any depreciation is immaterial, such assets being subject to annual impairment review as required by FRS 15. This is a departure from the requirement of the Companies Act and is necessary in the opinion of the directors to give a true and fair view. Depreciation is only one factor in the valuation of properties and therefore it is impracticable to quantify the effect of this departure.

Deferred taxation

Deferred taxation is provided at tax rates expected to be applicable when a liability or asset crystallises, on a non-discounted basis, on all timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation where this results in an obligation or right to pay more or less tax in the future. Deferred tax assets are recognised only to the extent that there will be sufficient taxable profits available against which they can be deducted in the future.

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 (see note 17).

Pension commitments

Staff engaged in the company's business have the opportunity to be members of the parent undertaking's contributory defined benefit pension scheme. Further details are shown in the financial statements of Nationwide Building Society.

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2004****1 Turnover**

Turnover represents rentals receivable on property owned by the company.

Turnover includes an amount of £710,000 (2003 - £704,000) receivable from UCB Home Loans Corporation Limited, a fellow subsidiary undertaking of Nationwide Building Society.

The directors consider all of the company's operations to be one class of business and, accordingly, no segmental information is presented.

2 Interest receivable	2004	2003
	£'000	£'000
Bank interest	3	2
Interest receivable from Nationwide Building Society	33	7
Other interest receivable	2	-
	38	9

3 Interest payable	2004	2003
	£'000	£'000
Interest payable to Nationwide Building Society	-	1

4 Profit on ordinary activities before taxation	2004	2003
	£'000	£'000

Profit on ordinary activities is stated after charging:

Property agent management fees	9	9
Management fees from Nationwide Building Society	29	31
Auditors' remuneration - audit	6	6

5 Directors' emoluments

The directors do not receive any emoluments in respect of their services to the company (2003 - 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 (2003 - nil).

6 Employee information

The average number of persons employed by the company was nil (2003 - nil).

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2004**

7 Tax on profit on ordinary activities	2004 £'000	2003 £'000
Current tax:		
UK corporation tax at 30% (2003 – 30%)	3	11
Prior period adjustment	(1)	(88)
Deferred tax (see note 8)	483	-
	485	(77)

The actual current tax charge for the year differs from that calculated using the standard rate of corporation tax in the UK. The difference is explained below.

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	591	776
Profit on ordinary activities multiplied by the standard rate of tax in the UK 30% (2003 – 30%)	177	233
Non taxable income	(173)	(222)
Adjustments to tax charge in respect of previous periods	(1)	(88)
Current tax charge/(credit) for the year	3	(77)

8 Deferred Tax

Deferred tax is calculated on the capital allowances taken as there is a potential for clawback on disposal of the property.

	2004 £'000	2003 £'000
Balance at beginning of year	-	-
Deferred tax	483	-
Balance at end of year	483	-

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2004****9 Tangible fixed assets**

	Equipment fixtures and fittings	Plant and machinery	Freehold land and buildings £'000	Total £'000
Cost/Revaluation:				
At 1 April 2003	-	-	7,850	7,850
Additions	50	19	18	87
Revaluation gain	-	-	382	382
At 31 March 2004	50	19	8,250	8,319
Depreciation:				
At 1 April 2003	-	-	-	-
Charge for the year	-	-	-	-
At 31 March 2004	-	-	-	-
Net book value:				
At 31 March 2004	50	19	8,250	8,319
At 31 March 2003	-	-	7,850	7,850

The carrying value of £8,250,000 represents the open market value of the property at 31 March 2004 as valued by an independent qualified surveyor.

10 Debtors: amounts falling due within one year	2004 £'000	2003 £'000
Due from Nationwide Building Society	-	11
Prepayments	-	7
Due from UCB Home Loans Corporation Limited	208	296
Other debtors	75	82
Corporation tax receivable	11	-
	294	396

The amount due from Nationwide Building Society in 2003 represented cash held on deposit at normal commercial rates and was repayable on demand.

11 Cash at bank

Included within cash at bank are amounts totalling £1,159,000 (2003: £520,000) due from Nationwide Building Society. These amounts are held on deposit at normal commercial rates and are repayable on demand.

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2004**

12 Creditors: amounts falling due within one year	2004	2003
	£'000	£'000
Amount due to Nationwide Building Society	102	-
Accruals and deferred income	268	341
Other creditors	187	80
Deferred tax	483	-
Corporation tax payable	-	5
	1,040	426

Within accruals and deferred income is an amount of £166,000 (2003: £166,000) relating to rent prepaid by a fellow subsidiary undertaking, UCB Home Loans Corporation Limited.

13 Called up share capital	2004	2003
	£'000	£'000
Authorised 20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, issued and fully paid 10,750,002 ordinary shares of £1 each	10,750	10,750

14 Reconciliation of movements in shareholder's funds	2004	2003
	£'000	£'000
Profit for the year	107	853
Unrealised gain/(deficit) on revaluation of fixed assets	381	(300)
Increase in shareholder's funds	488	553
Opening shareholder's funds	8,380	7,827
Closing shareholder's funds	8,868	8,380

15 Revaluation reserve	2004	2003
	£'000	£'000
At beginning of year	(3,371)	(3,071)
Unrealised gain/(deficit) on valuation – fixed assets	381	(300)
At end of year	(2,990)	(3,371)

MONUMENT (SUTTON) LIMITED

Notes to the financial statements for the year ended 31 March 2004

16 Profit and loss account	2004 £'000	2003 £'000
Balance at beginning of year	1,001	148
Profit for the year	107	853
Balance at end of year	1,108	1,001

17 Ownership

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 Nationwide group's accounts can be obtained from Nationwide House, Pipers Way, Swindon, SN38 1NW.

18 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.

19 Capital commitments

At 31 March 2004 the company had capital expenditure contracted for but not provided for in the financial statements of £510,000 (2003: £nil).