

Registered Number: 4252666

Monument (Sutton) Limited

Annual Report and Accounts 2006

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MONUMENT (SUTTON) LIMITED

Directors and advisors

Directors

T R Plummer

J N Tibbles

B K Simpson

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

MONUMENT (SUTTON) LIMITED

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2006.

As set out more fully in the Statement of accounting policies, this Annual Report and Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. All financial information given in this directors' report is taken solely from the statutory results prepared on the above basis.

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 2006 was £1,293,000 (2005: £200,000). 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
B K Simpson
J H Willens

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

On 5 April 2005 J H Willens resigned as a director and B K Simpson was appointed as director.

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 the Financial Statements have been prepared in accordance with IFRS as adopted by EU; subject to any material departures disclosed and explained in the financial statements; 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.

For each director at the time that the report is approved;

- * so far as the director is aware, there is no relevant audit information of which of the company's auditors are unaware; and
- * the director 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

PricewaterhouseCoopers Limited Liability Partnership (LLP) have expressed their willingness to continue in office as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the Nationwide Building Society Annual General Meeting.

BY ORDER OF THE BOARD



Director

28 December 2006

MONUMENT (SUTTON) LIMITED

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

We have audited the financial statements of Monument (Sutton) Limited for the year ended 31 March 2006 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 report to you whether, in our opinion, the Directors' Report is consistent with the financial statements. We also 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

MONUMENT (SUTTON) LIMITED

Independent auditors' report to the shareholders of Monument (Sutton) 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 2006 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
Southwark Towers
32 London Bridge St
SE1 9SY

28 December 2006

MONUMENT (SUTTON) LIMITED**Income statement for the year ended 31 March 2006**

	Note	2006 £'000	2005 £'000
Rentals receivable	2	899	921
Property revaluation	8	1,214	332
Administrative expenses	4	(155)	(517)
Depreciation and amortisation costs	7	(72)	(66)
Operating profit		1,886	338
Interest receivable and similar income	3	88	56
Profit before tax		1,974	394
Taxation	6	(681)	(194)
Profit for the year attributable to equity shareholders		1,293	200

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

The results for 2006 have been prepared under IFRS.

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

MONUMENT (SUTTON) LIMITED**Balance sheet at 31 March 2006**

	Note	2006 £'000	2005 £'000
Non Current Assets			
Investment Property	8	9,225	8,000
Plant and equipment	7	365	425
		9,590	8,425
Current assets			
Falling due within one year	9	253	432
Cash and cash equivalents	10	2,139	1,778
		2,392	2,210
Total assets		11,982	10,635
Current liabilities			
Falling due within one year	11	724	670
Total liabilities		724	670
Capital and reserves			
Called-up share capital	13	10,750	10,750
Profit and loss account	14	508	(785)
Equity shareholder's funds	14	11,258	9,965
Total equity and liabilities		11,982	10,635

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

The financial statements were approved by the board of directors on 28 December 2006.

Signed on behalf of the board of directors.



Director

MONUMENT (SUTTON) LIMITED**Statement of recognised income and expense for the year ended 31 March 2006**

	Note	2006 £'000	2005 £'000
Profit for the year		1,293	200
Total recognised income & expense for the year		1,293	200

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

MONUMENT (SUTTON) LIMITED**Cash flow statement for the year ended 31 March 2006**

	Notes	2006 £'000	2005 £'000
Cash flows from operating activities			
Profit before tax		1,974	394
Adjustments for:			
• (Increase)/decrease in current assets		(171)	201
• Increase/(decrease) in current liabilities		(150)	50
• Depreciation and amortisation	7	72	66
• Property revaluation	8	(1,214)	332
• Taxation		(127)	(56)
Net cash from operating activities		384	987
Cash flows from investing activities			
Purchase of plant and equipment	7	(12)	(422)
Purchase of investment property	8	(11)	(82)
Net cash flows from investing activities		(23)	(504)
Net cash flows from financing activities		-	-
Net increase in cash		361	483
Cash and cash equivalents at the start of the year		1,778	1,295
Cash and cash equivalents at the end of the year	10	2,139	1,778

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

MONUMENT (SUTTON) LIMITED

Statement of Accounting Policies

1. Statement of Accounting Policies

Changes in Accounting Policies

At the start of the year the Company adopted International Financial Reporting Standards (IFRS) for the first time.

Comparative information for 2004/5 has been restated to take into account the requirements of all the standards except for IAS 32 and IAS 39. In accordance with the transitional rules of IFRS, these standards have been implemented with effect from 1 April 2005 and the balance sheet at this date has been adjusted accordingly. Where comparative figures have been prepared under UK GAAP the accounting policies have been disclosed on page 12.

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), which are effective or available for first time adoption at the company's first reporting date under IFRS, 31 March 2006, 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 as modified by the revaluation of investment properties. A summary of the more important accounting policies is set out below.

Adoption of IFRS 7

The Company has elected to adopt IFRS 7 "Financial Instruments: Disclosures" before the mandatory effective date, for the year ended 31 March 2006. In accordance with the standard, the Company need not present comparative information in relation to financial instruments as the year ended 31 March 2006 is the first year that the financial statements have been produced under IFRS.

The Company has not applied early the following amendments:

- The amendment to IAS 1 'Presentation of Financial Statements: Capital Disclosures'. This amendment requires disclosure on the level of the Company capital and how this is managed.
- Amendment to IAS 39 'The Fair Value options'. This amendment allows financial liabilities to be measured at fair value through the income statement if certain conditions are met.

Rentals and service charges

Rentals receivable are recognised in the Income statement 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.

Plant and equipment

Depreciation on assets commences when the assets are ready for their intended use and is calculated using the straight line method to allocate their cost or valuation over the following estimated useful lives:

Plant, machinery and equipment	3 to 10 years
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MONUMENT (SUTTON) LIMITED

Notes to the financial statements for the year ended 31 March 2006

Investment property

Investment property comprises of property held for rental which is stated at fair value. The property is revalued annually by independent surveyors supported by market evidence. Changes in fair value are included in the income statement.

Depreciation is not charged on investment property.

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.

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.

Segmental reporting

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

UK GAAP Accounting Policies

In accordance with the transitional rules on first-time adoption of IFRS, the 2005 statutory comparatives do not follow IAS 32 and IAS 39, but instead follow applicable UK GAAP requirements. We have reproduced below those UK GAAP accounting policies that apply to the 2005 comparatives.

Income recognition

Interest is recognised in the profit and loss account on an accruals basis.

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2006****2. Rentals receivable**

Rentals are receivable on property owned by the company and include an amount of £750,000 (2005 - £744,000) receivable from UCB Home Loans Corporation Limited, a fellow subsidiary undertaking of Nationwide Building Society.

3. Interest receivable and similar income	2006	2005
	£'000	£'000
Bank interest	2	2
Interest receivable from Nationwide Building Society	86	55
Other interest receivable	-	(1)
	88	56

4. Administrative expenses	2006	2005
	£'000	£'000
Property agent management fees	8	3
Management fees from Nationwide Building Society	39	59
Auditors' remuneration - audit	6	6
Other administrative expenses	102	117
	155	185

5. Employee information

The average number of persons employed by the company was nil (2005 - nil).

6. Taxation	2006	2005
	£'000	£'000
Current tax:		
UK corporation tax at 30% (2005 - 30%)	135	80
Prior period adjustment	8	50
Deferred tax (note 12):		
Current year	538	103
Prior year adjustment	-	(39)
Taxation	681	194

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2006****6. Taxation continued**

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

	2006 £'000	2005 £'000
Profit before tax	1,974	726
Tax calculated at a rate of 30% (2005 – 30%)	592	218
Effects of:		
Prior year adjustments	8	11
(Income)/expenses not (taxable)/deductible for tax purposes	81	(35)
Taxation	681	194

7. Plant and equipment

	Equipment fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost/Valuation:			
At 1 April 2005	421	70	491
Additions	12	-	12
At 31 March 2006	433	70	503
Depreciation:			
At 1 April 2005	56	10	66
Charge for the year	62	10	72
At 31 March 2006	118	20	138
Net book value:			
At 31 March 2006	315	50	365

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2006****7. Plant and equipment (continued)**

	Equipment fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost/Valuation:			
At 1 April 2004	50	19	69
Additions	371	51	422
At 31 March 2005	421	70	491
Depreciation:			
At 1 April 2004	-	-	-
Charge for the year	56	10	66
At 31 March 2005	56	10	66
Net book value:			
At 31 March 2005	365	60	425

8. Investment Property

	2006 £'000	2005 £'000
Valuation:		
At 1 April 2005	8,000	8,250
Additions	11	82
Revaluation	1,214	(332)
At 31 March 2006	9,225	8,000

The carrying value of £9,225,000 represents the open market value of the property at 31 March 2006 as valued by an independent qualified surveyor, in accordance with the Appraisal and Valuation manual published by the Royal Institute of Chartered Surveyors.

9. Current assets: amounts falling due within one year	2006 £'000	2005 £'000
Invoice receivable control	253	82
Deferred tax receivable (note 13)	-	350
	253	432

10. Cash and cash equivalents

Included within cash at bank are amounts totalling £2,064,000 (2005: £1,675,000) 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 2006****11. Current liabilities:** amounts falling due within one year

	2006 £'000	2005 £'000
Amounts due to Nationwide Building Society	7	34
Group relief payable	20	20
Amounts due to UCB Home Loans Corporation Ltd	-	67
Accruals and deferred income	389	432
Other payables	41	54
Corporation tax payable	79	63
Deferred tax payable (note 12)	188	-
	724	670

Within accruals and deferred income is an amount of £171,000 (2005: £171,000) relating to rent prepaid by a fellow subsidiary undertaking, UCB Home Loans Corporation Limited.

12. Deferred Taxation

	2006 £'000	2005 £'000
Balance at 1 April 2005	(350)	483
Deferred tax charge in income statement	538	64
Adoption of IFRS (note 15)	-	(897)
Balance at 31 March 2006	188	(350)

Deferred tax assets and liabilities are attributable to the following items:

	2006 £'000	2005 £'000
Accelerated tax depreciation	647	560
Property revaluation	(459)	(910)
	188	(350)

The deferred tax charge in the income statement comprises the following temporary differences (note 6)

	2006 £'000	2005 £'000
Accelerated tax depreciation	87	116
Property revaluation	451	(13)
	538	103

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2006**

13. Called up share capital	2006	2005
	£'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 the movement in shareholders' funds

	Profit and Loss Account £000	Revaluation Reserve £000	Share Capital £000	Shareholders Funds £000
At 1 April 2004	1,108	(2,990)	10,750	8,868
Profit for year ended 31 March 2005	519	(332)	-	187
Balance under UK GAAP	1,627	(3,322)	10,750	9,055
Unrealised deficit on revaluation of fixed assets on adoption of IFRS	(2,412)	3,322	-	910
At 1 April 2005	(785)	-	10,750	9,965
Profit for year ended 31 March 2006	1,293	-	-	1,293
At 31 March 2006	508	-	10,750	11,258

15. Reconciliation of net assets and profit under UK GAAP to IFRS

Monument (Sutton)Limited reported under UK GAAP in its previously published financial statements for the year ended 31 March 2005.

The analysis below shows a reconciliation, of net assets and profit as reported under UK GAAP as at 31 March 2005 to the revised net assets and profit under IFRS. In addition, there is a reconciliation of net assets under UK GAAP to IFRS at the transition date, 1 April 2004

Reconciliation of net profit for the year ending 31 March 2005

	2005 £000
Profit before taxation reported under UK GAAP	726
Fixed asset Revaluation	(332)
Profit before taxation reported under IFRS	394
Taxation charge under UK GAAP	(207)
Taxation charge under IFRS	13
Net profit for the year under IFRS	200

MONUMENT (SUTTON) LIMITED**Notes to the financial statements for the year ended 31 March 2006****15. Reconciliation of net assets and profit under UK GAAP to IFRS (continued)**

	Profit and Loss Account £000	Revaluation Reserve £000	Total £000
Reconciliation of equity at 31 March 2005			
Balance under UK GAAP	1,627	(3,322)	(1,695)
Fixed asset revaluation	(3,322)	3,322	-
Taxation	910	-	910
Balance under IFRS	(785)	-	(785)
Reconciliation of equity at 1 April 2004			
Balance under UK GAAP	1,108	(2,990)	(1,882)
Fixed asset revaluation	(2,990)	2,990	-
Taxation	897	-	897
Balance under IFRS	(985)	-	(985)

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

17. Directors' emoluments

The directors do not receive any emoluments in respect of their services to the company (2005 - 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 (2005 - nil).

18. Related party transactions**Key Management Personnel**

Key management personnel include both the directors of Monument (Sutton) Limited and the parent and ultimate controlling company, Nationwide Building Society.

No transactions were entered into with key management personnel. See Note 17.

Transactions with related parties

The parent and ultimate controlling company, Nationwide Building Society is a related party to Monument (Sutton) Ltd.

Transactions are entered into with related parties in the normal course of business. These include loans, deposits and the payment and recharge of administrative expenses. See Notes 3, 4 and 10.

MONUMENT (SUTTON) LIMITED

Notes to the financial statements for the year ended 31 March 2006

19. Capital commitments

At 31 March 2006 the company had capital expenditure contracted for but not provided for in the financial statements of £nil (2005: £nil).

20. Risk management control

Market risk

The primary risk faced by Monument (Sutton) Ltd is property market risk. The property portfolio of Monument (Sutton) Ltd is exposed to movements in property values And property rentals.

The majority of Monument (Sutton) Ltd's property is rented by a fellow subsidiary undertaking of Nationwide Building Society, UCB Home Loans Corporation Ltd.

Interest rate risk

Monument (Sutton) Ltd faces interest rate risk. The interest income of Monument (Sutton) Ltd is exposed to movements in interest rates.

Exposure to interest rate risk is 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.