Registered Number 4252666

Monument (Sutton) Limited

Annual Report and Financial Statements

for the year ended 31 March 2011

Directors and auditors

Directors

T Plummer
J Tibbles
A Alexander

Company secretary

J Lindsey (appointed 1 April 2011)
P Vinall (resigned 21 July 2010)
J Paul (appointed 21 July 2010, resigned 1 April 2011)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Registered office

Nationwide House
Pipers Way
Swindon
Wiltshire
SN38 1NW

Registered number

4252666

Directors report for the year ended 31 March 2011

The directors have pleasure in presenting their annual report and the audited financial statements for the Company for the year ended 31 March 2011

As set out in the statement of accounting policies, the annual report and financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

All financial information given in the directors' report is taken solely from the statutory results prepared on the above basis

Principal activities

Monument (Sutton) Limited ("the Company") is a wholly owned subsidiary of Nationwide Building Society ("the Group")

The sole activity of the Company is to acquire and manage property.

The Company resides and operates solely in its country of incorporation, the United Kingdom.

Business review and future developments

In the year the Company has continued to manage its sole property which is based in Sutton, Surrey The directors expect the Company's activities to continue in the forthcoming year and no significant changes in activities are anticipated.

The Company's previously largest tenant, UCB Home Loans Corporation Limited ("UCB"), exited the Company's property following relocation of its activities during the year ended 31 March 2009 Since the reporting date, a Deed of Variation dated 5 May 2011 has been executed in relation to the lease agreement with UCB Consideration of £3,900,000 has been received from UCB under the Deed, including £3,255,000 in consideration of the variation in the Deed and £645,000 in relation to dilapidations. Under the Deed, yearly rent is reduced to a peppercorn per annum with effect from 24 June 2011 until 13 June 2014, being the date of the first break clause under the original lease, and the lease may be terminated at any time by either party subject to a one month notice period.

The Company will continue in the forthcoming year to seek to fill vacant capacity and earn rental income from tenants

Although well maintained, the building is in need of major updating to attract future tenants in the current subdued office market

Financial results and dividends

The loss before taxation for the year to 31 March 2011 was £607,000 (2010 loss £872,000). The retained earnings carried forward are £403,000 (2010· £897,000) The directors do not recommend the payment of a dividend (2010 £nil)

On 3 December 2009, a written resolution approved the reduction of the issued share capital of the Company from £10,750,002 to £7,500,002 by the cancellation of 3,250,000 ordinary £1 shares A special capital repayment of £3,250,000 was made to the parent undertaking

Risk management and control

The Company seeks to manage all the risks that arise from its activities There is a formal structure for monitoring and managing risk comprising a risk appetite agreed by the Board, detailed risk management policies, and independent governance and oversight risk

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are

- Market risk,
- Credit risk
- Liquidity risk, and
- Operational risk

The risk management objectives and policies which correspond to these risks and uncertainties are shown in Note 16

Key performance indicators

Key performance measures comprise both financial and non financial indicators and are monitored at Group level There are five measures and these are financial performance and strength, customer, risk; employees, and transformation Further information on these and the Group's performance against them can be found in the directors' report of the Nationwide Building Society's annual report and accounts.

The Company monitors the levels of risk and the quality of the control environment within the designated third party administrators to manage exposure to unforeseen losses

Directors and directors' interests

The present board of directors is shown on page 2

The directors of the Company who were in office during the year and up to the date of signing the financial statements were

T Plummer
J Tibbles
A Alexander (appointed 21 July 2010)
D Rigney (resigned 21 July 2010)

All the existing directors, in accordance with the Company's Articles of Association, retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting

At no time during the year have the directors, or their families, had any beneficial interest in the shares of the Company None of the directors had a material interest in any contract significant to the Company's business

Going concern

The dırectors are satısfied that the company has adequate resources to continue ın busıness for the foreseeable future and that ıt ıs, therefore, appropnate to adopt the goıng concern basıs ın preparıng the financıal statements

Employees

The Company has no employees (2010 nıl) The parent undertaking, Nationwıde Buıldıng Socıety charges the Company a management fee to reflect the costs of parent undertakıng staff resources utılısed by the Company (see Note 6)

Creditor payment policy

The credıtor payment polıcy is operated at Group level, reflecting the use of the central Group accounts payable functıon The Group's polıcy is to agree the terms of payment wıth supplıers at the start of tradıng, ensurıng supplıers are aware of the terms of payment, and pay ın accordance wıth its contractual and other oblıgatıons The Group's polıcy ıs to settle the supplıer's ınvoıce for the complete provısıon of goods and servıces (unless there ıs an express provısıon for stage payments), when ın full conformıty wıth the terms and condıtıons of the purchase, within the agreed payment terms The Group's credıtor days were 18 days at 4 Aprıl 2011 (2010 18 days)

Environment

The Group recognıses the ımportance of ıts envıronmental responsıbılıtıes, monıtors its ımpact on the envıronment, and designs and ımplements polıcıes to reduce any damage that might be caused by the Group's actıvıtıes

The Group has a comprehensıve programme of actıvıty on envıronmental issues It runs an actıve carbon-savıng programme and has taken actıon on ıssues such as transport, lıghtıng, heatıng and recyclıng

Directors' indemnities

As permıtted by the Artıcles of Assocıatıon, the Directors have the benefit of an ındemnity whıch ıs a qualıfyıng thırd party indemnıty provısıon as defined by Sectıon 234 of the Companıes Act 2006 The ındemnıty was ın force throughout the last financıal year and ıs currently ın force The Group also purchased and maıntaıned throughout the financıal year Dırectors' and Officers' lıabilıty ınsurance in respect of the Company and its Dırectors

Domicile

The Company ıs a company lımited by shares which ıs regıstered, domıcıled and operates solely ın its country of ıncorporatıon, England The Regıstered office ıs Natıonwıde House, Pıpers Way, Swındon, Wiltshıre, SN38 1NW

Independent auditors

The auditors, PrıcewaterhouseCoopers LLP, have expressed theır wıllıngness to contınue ın office and a resolutıon for theır reappoıntment ıs to be proposed at the forthcomıng Annual General Meetıng

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing those financial statements, the directors are required to.

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, for each director in office at the date the directors' report is approved

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) he 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.

Approved by the Board of Directors and signed on its behalf by

Tony A

ANTHONY JOHN ALEXANDER
Director

9 December 2011

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

We have audited the financial statements of Monument (Sutton) Limited for the year ended 31 March 2011 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements In addition, we read all the financial and non financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Richard Oldfield (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 December 2011

Statement of comprehensive income for the year ended 31 March 2011

	Note	**2011**	2010
		£'000	£'000
Revenue	3	**809**	846
Administrative expenses	4	**(155)**	(279)
Depreciation and amortisation costs	10	**(72)**	(72)
Property revaluation	9	**(1,200)**	(1,400)
Operating loss		**(618)**	(905)
Interest receivable	5	**11**	33
Loss before tax		**(607)**	(872)
Taxation	8	**113**	232
Total comprehensive income for the year		**(494)**	(640)

The notes on pages 13 to 25 form part of these financial statements

MONUMENT (SUTTON) LIMITED

Balance sheet as at 31 March 2011

	Note	**2011 £'000**	2010 £'000
Assets			
Non current assets			
Investment property	9	**5,800**	7,000
Plant and equipment	10	**2**	74
Deferred taxation	13	**737**	460
		6,539	7,534
Current assets			
Amounts due from parent undertaking	11	**1,866**	1,292
Other assets	12	**250**	191
		2,116	1,483
Total assets		**8,655**	9,017
Liabilities			
Non current liabilities			
Corporation tax		**59**	-
		59	-
Current liabilities			
Corporation tax		**68**	62
Other liabilities	14	**625**	558
		693	620
Total liabilities		**752**	620
Equity			
Called-up share capital	15	**7,500**	7,500
Retained earnings		**403**	897
Total equity		**7,903**	8,397
Total equity and liabilities		**8,655**	9,017

The notes on pages 13 to 25 form part of these financial statements

The financial statements were approved by the board of directors on 9 December 2011

Signed on behalf of the board of directors.

Director

ANTHONY JOHN ALEXANDER

MONUMENT (SUTTON) LIMITED

Statement of changes in equity for the year ended 31 March 2011

	Year ended 31 March 2011			Year ended 31 March 2010		
	Retained earnings £'000	**Share Capital £'000**	**Total £'000**	Retained earnings £'000	Share Capital £'000	Total £'000
Balance at 1 April	**897**	**7,500**	**8,397**	1,537	10,750	12,287
Capital reduction	**-**	**-**	**-**	-	(3,250)	(3,250)
Total comprehensive income	**(494)**	**-**	**(494)**	(640)		(640)
Balance at 31 March	**403**	**7,500**	**7,903**	897	7,500	8,397

On 3 December 2009, a written resolution approved the reduction of the issued share capital of the Company from £10,750,002 to £7,500,002 by the cancellation of 3,250,000 ordinary £1 shares A special capital repayment of £3,250,000 was made to the parent undertaking

The notes on pages 13 to 25 form part of these financial statements

Cash flow statement for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Cash flow from operating activities			
Loss before tax		**(607)**	(872)
Adjustments for			
(Increase)/decrease in other assets		**(59)**	53
Increase in current liabilities		**228**	164
Depreciation and amortisation	10	**72**	72
Property revaluation	9	**1,200**	1,400
Taxation		**(260)**	(46)
Net cash flows from operating activities		**574**	771
Cash flows from financing activities			
Capital reduction		**-**	(3,250)
Net cash flows from financing activities		**-**	(3,250)
Net increase / (decrease) in cash		**574**	(2,479)
Cash and cash equivalents at the start of the year		**1,292**	3,771
Cash and cash equivalents at the end of the year		**1,866**	1,292

Analysis of cash and cash equivalents included in the balance sheet

	2011 £'000	Flows £'000	2010 £'000
Amounts due from parent undertaking	**1,866**	**574**	1,292

The notes on pages 13 to 25 form part of these financial statements

1. Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union and with those parts of the Companies Act 2006 applicable to organisations reporting under IFRS The financial statements have been prepared under the historical cost convention A summary of the significant accounting policies is set out below

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details on critical accounting estimates are given in paragraph 1a below

Changes in accounting policy

The following IFRS and IFRIC pronouncements, relevant to the Company, have been adopted

- 'Improvements to IFRSs' (April 2009). Several small amendments have been made to a number of standards None of these amendments have had an impact on the results to 31 March 2011

Future accounting developments

The following pronouncements will be relevant to the Company but were not effective at 31 March 2011 and have not been applied in preparing these financial statements The full impact of these accounting changes is being assessed by the Company. Our initial view is outlined in the following tables

The following pronouncements, relevant to the Company, have been adopted by the European Union (EU) but are not yet effective·

Pronouncement	Nature of change	Effective date
Improvements to IFRSs (May 2010)	Several small amendments with no significant impact for the Company	Various, earliest is accounting periods (AP) beginning on or after 1 July 2010
IAS 24 Related Party Disclosures	The revised standard simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities The revised standard is not expected to have a significant impact for the Company	AP beginning on or after 1 January 2011

1 Statement of accounting policies (continued)

Future accounting developments (continued)

The followıng pronouncements, relevant to the Company, are neıther adopted by the EU nor effectıve for thıs financıal year

Pronouncement	Nature of change	Effective date
IFRS 9 Fınancıal Instruments - Classıficatıon and Measurement ('Phase 1')	The new standard addresses Phase 1 of the IASB's project to replace IAS 39 *Fınancıal Instruments Recognıtıon and Measurement* and requıres financıal assets to be classıfied as at amortısed cost or at faır value Fınancıal lıabılıtıes wıll be treated as at present under IAS 39, wıth the exceptıon that where we opt to faır value, the movement ın faır value due to own credıt rısk would be dırectly recognısed ın other comprehensıve ıncome Where thıs would result ın an accountıng mısmatch, however, the movement would be recognısed ın the profit for the year The derecognıtıon requırements currently wıthın IAS 39 have been transferred to IFRS 9 and remaın unchanged from current requırements IFRS 9 Phase 1 ıs currently beıng revıewed by the Company	AP begınnıng on or after 1 January 2013
IFRS 13 Faır Value Measurement	The new standard replaces guıdance on faır value measurement ın exıstıng IFRS accountıng lıterature wıth a sıngle standard The standard does not change the requırements regardıng whıch ıtems should be measured or dısclosed at faır value but does requıre enhanced dısclosures The new standard ıs currently beıng revıewed by the Company and, wıth the exceptıon of enhanced dısclosures, ıs not expected to have a sıgnıficant ımpact	AP begınnıng on or after 1 January 2013
Amendments to IAS 1 Presentatıon of Items of Other Comprehensıve Income	The amendments requıre entıtıes to group ıtems ıncluded ın the statement of other comprehensıve ıncome on the basıs of whether they may be subsequently reclassıfied to profit and loss The amendments are not expected to have a sıgnıficant ımpact for the Company	AP begınnıng on or after 1 July 2012

a) Rental income

Rents received and receıvable from investment propertıes are ıncluded ın the statement of comprehensive ıncome Provısıon ıs made for any rents due but not consıdered recoverable

1 Statement of accounting policies (continued)

b) Interest receivable and interest expense

For instruments measured at amortised cost the effective interest method is used to measure the carrying value of a financial asset or a liability and to allocate associated interest income or expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability

In calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption charges), but does not consider future credit losses The calculation includes all fees received and paid and costs borne, that are an integral part of the effective interest rate, and all other premiums or discounts above or below market rates

Once a financial asset has been written down as result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss

c) Taxation including deferred tax

Corporation tax payable on profits is recognised as an expense in the period in which profits arise The tax effects of tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their 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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities and where there is an intention to settle the balance on a net basis

d) Plant and equipment

Plant and equipment are recorded at historical cost less accumulated depreciation Historical cost includes expenditure that is directly attributable to the acquisition of the items, major alterations and refurbishments

Depreciation is provided using the straight line method to write off the cost of fixed assets over the following estimated useful lives

Office and computer equipment	3 to 5 years
Other equipment	5 to 10 years

Estimated useful lives are reviewed annually, and adjusted if appropriate, in the light of technological developments, usage and other relevant factors

1 Statement of accounting policies (continued)

e) Plant and equipment (continued)

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount of the asset and are included in the statement of comprehensive income

f) Investment property

Investment property which comprises property held for rental, 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 statement of comprehensive income Depreciation is not charged on the investment property

g) Derecognition of financial assets and liabilities

Derecognition is the point at which the Company removes an asset or liability from its balance sheet The Company's policy is to derecognise financial assets only when the contractual right to the cash flows from the financial asset expires

h) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including short term deposits with the parent undertaking.

i) Provisions for liabilities and charges

A provision is recognised where there is a present obligation as a result of a past event, it is probable that the obligation will be settled and it can be reliably estimated The amount recognised is the best estimate of the expenditure required to settle the present obligation at the balance sheet date

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

Contingent liabilities have not been recognised

j) Share capital

Ordinary shares, net of directly attributable issue costs, are classified as equity Dividends paid on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the shareholder

k) Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently held at amortised cost They are derecognised when the obligation is discharged, cancelled or has expired

2. Judgements in applying accounting policies and critical accounting estimates

Critical accounting estimates

The Company has to make judgements in applying its accounting policies which affects the amounts recognised in the accounts In addition, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the following financial year. The most significant areas where judgements and estimates are made as follows.

Valuation of the investment property

The investment property is revalued annually by independent surveyors supported by market evidence Changes in the assumptions used in the valuation models could affect the reported fair value of the investment properties The property is valued on the basis that the Company receives rents from its existing tenants If the property was valued on a vacant possession basis the value at 31 March 2011 would be £3,700,000 (2010: £5,000,000)

Taxation

Significant estimates are required in determining the provision for corporation tax There are a number of transactions for which the final tax determination is uncertain at the balance sheet date

3. Revenue

Rentals are receivable on property owned by the Company and include an amount of £750,000 (2010 £750,000) receivable from UCB Home Loans Corporation Limited, a fellow subsidiary undertaking of Nationwide Building Society

	2011	2010
	£'000	£'000
Rental income	**800**	829
Service charge income	**9**	17
	809	846

4. Administrative expenses

	2011	2010
	£'000	£'000
Property agent management fees	**27**	27
Management fees payable to Group	**6**	22
Other administrative expenses	**122**	230
	155	279

The auditors' remuneration for the year ended 31 March 2011 of £6,000 (2010. £5,000) was borne by the parent undertaking

5. Interest receivable

	2011	2010
	£'000	£'000
Interest receivable from Nationwide Building Society	**9**	22
Other interest	**2**	11
	11	33

6. Employee information

The average number of persons employed by the Company was nil (2010 nil) All staff are employed by the parent undertaking, Nationwide Building Society During the year, management fees of £6,000 (2010 £22,000) were charged to the Company in relation to the utilisation of staff resources of the parent undertaking

7. Directors' emoluments

The directors of the Company are also employees or directors of the ultimate parent undertaking, Nationwide Building Society They received no emoluments in respect of their services to the Company (2010 £nil)

8. Taxation

	2011	2010
	£'000	£'000
Current tax:		
UK corporation tax	**164**	140
Adjustments with respect to prior years	**-**	12
Total current tax	**164**	152
Deferred tax		
Current year	**(333)**	(384)
Effect of corporation tax rate change to 26%	**56**	-
Total deferred tax	**(277)**	(384)
Taxation	**(113)**	(232)

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

	2011	2010
	£'000	£'000
Loss before tax	**(607)**	(872)
Tax calculated at a rate of 28%	**(169)**	(244)
Effects of		
Adjustments with respect to prior years	**-**	12
Effect of corporation tax rate change to 26%	**56**	-
Taxation	**(113)**	(232)

9. Investment property

	2011	2010
	£'000	£'000
Valuation:		
At 1 April 2010	**7,000**	8,400
Revalution	**(1,200)**	(1,400)
At 31 March 2011	**5,800**	7,000

The carrying value of £5,800,000 represents the tennanted value of the property at 31 March 2011 as valued by an independent qualified surveyor, in accordance with the Appraisal and Valuation manual published by the Royal Institute of Chartered Surveyors

10. Plant and equipment

	Equipment fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost/valuation			
At 1 April 2010	433	70	503
At 31 March 2011	**433**	**70**	503
Acumulated depreciation			
At 1 April 2010	369	60	429
Charge for the year	**62**	**10**	**72**
At 31 March 2011	**431**	**70**	**501**
Net book value			
At 31 March 2011	**2**	**-**	**2**

	Equipment fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost/valuation.			
At 1 April 2009	433	70	503
At 31 March 2010	433	70	503
Acumulated depreciation			
At 1 April 2009	307	50	357
Charge for the year	62	10	72
At 31 March 2010	369	60	429
Net book value:			
At 31 March 2010	64	10	74

11. Amounts due from parent undertaking

Amounts due from parent undertaking comprise £1,866,000 (2010: £1,292,000) held on deposit with Nationwide Building Society at normal commercial rates, repayable on demand.

12. Other assets

	2011 £'000	2010 £'000
Rents receivable	**250**	191

13. Deferred taxation

	2011 £'000	2010 £'000
At at 1 April	460	76
Statement of comprehensive income current year credit	333	384
Effect of corporation tax rate change to 26%	(56)	-
At 31 March	737	460

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

	2011 £'000	2010 £'000
Accelerated tax depreciation	(702)	(752)
Property revaluation	1,439	1,212
	737	460

The deferred tax credit in the income statement comprises the following temporary differences·

	2011 £'000	2010 £'000
Accelerated tax depreciation	3	8
Property revaluation	(336)	(392)
Effect of corporation tax rate change to 26%	56	-
	(277)	(384)

In addition to the changes in rates of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011 which was substantively enacted on 5 July 2011 This enactment had not taken place as at the balance sheet date and is therefore not included in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The effect of these further changes on the deferred tax balance cannot be reliably quantified at this stage

14. Other liabilities

	2011 £'000	2010 £'000
Group relief payable	-	161
Accruals and deferred income	619	386
Amounts due to parent undertaking	6	11
	625	558

15. Called up share capital

	2011 £'000	2010 £'000
Authorised		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, issued and fully paid		
7,500,002 ordinary shares of £1 each	7,500	7,500

16. Risk management and control

Monument (Sutton) Limited seeks to manage appropriately all the risks that arise from its activities The principal risks inherent within the Company's business are market risk, credit risk, liquidity risk and operational risk.

Market risk

The property portfolio of Monument (Sutton) Limited is exposed to movements in property value and property rentals During the year the majority of Monument (Sutton) Limited's property was rented by a fellow subsidiary undertaking of Nationwide Building Society, UCB Home Loans Corporation Limited ("UCB") UCB do not currently occupy the building, however they are responsible for the continued contractual obligations under the lease. Although well maintained, the building is in need of major updating to attract future tenants in the currently subdued office market

Subsequent to the year end a Deed of Amendment to the property lease has been executed Consideration of £3,900,000 was received from UCB, of which £3,255,000 related to the variation of the deed, as described in note 20

The net interest income of Monument (Sutton) Limited is exposed to movements in market interest rates. Exposure to interest rate risk is not a material risk to Monument (Sutton) Limited and no individual sensitivity analysis has therefore been performed

Credit risk

Credit risk is the risk that a counterparty will not be able to meet its obligations as they become due. Credit risk is minimised as the majority of Monument (Sutton) Limited's credit risk exposure relates to amounts due from the parent undertaking All financial assets were neither past due nor impaired.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost The cash and cash equivalents are deposited on a repayable on demand basis with the parent Company in order to mitigate liquidity risk.

16. Risk management and control (continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date

At 31 March 2011 – Residual Maturity	**Repayable on demand £'000**	**Up to 3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**More than 5 years £'000**	**Total £'000**
Investment property	-	-	-	-	5,800	5,800
Plant and equipment	-	-	-	2	-	2
Amounts due from parent undertaking	1,866	-	-	-	-	1,866
Deferred taxation	-	-	-	737	-	737
Rents receivable	250	-	-	-	-	250
Total assets	2,116	-	-	739	5,800	8,655
Liabilities						
Other liabilities	625	-	68	59	-	752
Total liabilities	625	-	68	59	-	752
Net Liquidity gap	1,491		(68)	680	5,800	7,903

At 31 March 2010 – Residual Maturity	**Repayable on demand £'000**	**Up to 3 months £'000**	**3-12 months £'000**	**1-5 years £'000**	**More than 5 years £'000**	**Total £'000**
Investment property	-	-	-	-	7,000	7,000
Plant and equipment	-	-	-	-	74	74
Amounts due from parent undertaking	1,292	-	-	-	-	1,292
Deferred taxation	-	-	-	460	-	460
Rents receivable	191	-	-	-	-	191
Total assets	1,483	-	-	460	7,074	9,017
Liabilities						
Other liabilities	11	386	223	-	-	620
Total liabilities	11	386	223	-	-	620
Net Liquidity gap	1,472	(386)	(223)	460	7,074	8,397

Other liabilities includes corporation tax and other liabilities

The gross contractual cash flows on financial assets, which comprise of amounts due from parent undertaking and rent receivable, do not differ from the amounts presented in the table above

16. Risk management and control (continued)

Liquidity risk (continued)

The Group Assets and Liabilities Committee ("ALCO") is responsible for setting limits over the level and composition of liquidity balances and the level and maturity profile of wholesale funding A series of liquidity stress tests is performed by ALCO each month to confirm that the limits remain appropriate

Operational risk

Operational risk relates to the processes the Nationwide Group operates to meet the needs of its members and generate sufficient profit to maintain a financially stable firm The purpose of operational risk management is to ensure the business puts in place appropriate strategies to manage, avoid, transfer, mitigate and insure the risks that could impact the ability of the Group to meet its strategies and plans or damage its reputation

The Group has adopted the standardised approach to operational risk and has applied the industry standard definition, namely "the risk of loss arising from inadequate or failed internal processes, people and systems or from external events". This has been aligned to the Group's integrated corporate risk map and ensures that there is effective oversight, monitoring and reporting of the key operational risk exposures facing the Group as detailed below

- Third party
- Business continuity
- Change
- Customer experience
- Financial control, payments and information management
- Financial crime
- Information security
- Information technology
- Legal and regulatory
- People
- Premises and physical assets

Fair value of financial assets and liabilities

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties

The directors are of the view that the carrying value of financial assets and liabilities approximates their fair value

17. Related party transactions

Key management personnel

The Board considers key management personnel to comprise the directors of the Company and the Group. Key management compensation for the period totalled £nil (2010: £nil)

Transactions with key management personnel

There were no transactions with key management personnel (2010: £nil)

17. Related party transactions (continued)

Transactions with related parties

The parent and ultimate controlling Company, Nationwide Building Society is a related party to Monument (Sutton) Limited

On 3 December 2009, a written resolution approved the reduction of the issued share capital of the Company from £10,750,002 to £7,500,002 by the cancellation of 3,250,000 ordinary £1 shares A special capital repayment of £3,250,000 was made to the immediate parent

Transactions are entered into with related parties in the normal course of business These include deposits, rentals receivable and the payment and recharge of administrative expenses

The volumes of related party transactions, outstanding balances at the year end, and the related income and expenses for the year are as follows

	2011	2010
	£'000	£'000
Amounts due from parent undertaking – deposit account		
At 1 April	1,292	3,771
Deposit placed	**911**	777
Deposit repayments	**(337)**	(3,256)
At 31 March	**1,866**	1,292
Amounts due to parent undertaking – current account		
At 1 April	**11**	31
Amounts received	**6**	11
Repayments	**(11)**	(31)
At 31 March	**6**	11
Revenue		
Rent receivable from other Group companies	**750**	750
Net interest income		
Interest receivable	**39**	22
Other income and expenses		
Management fees payable to Group	**6**	22

18. Capital management

Capital comprises the retained earnings and share capital. Capital is managed on a Group basis

The Group is subject to the capital requirements imposed by its regulator the Financial Services Authority (FSA) During the period the Group complied with the capital requirements set by the FSA.

Further information on the Group's capital position can be viewed in the Group Annual Report and Accounts, which can be obtained from the address below

19. 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 accounts can be obtained from Nationwide House, Pipers Way, Wiltshire, Swindon, SN38 1NW.

20. Post balance sheet event

Since the reporting date, a Deed of Variation dated 5 May 2011 has been executed. Consideration of £3,900,000 has been received from UCB under the Deed, including £3,255,000 in consideration of the variation in the Deed and £645,000 in relation to dilapidations Under the Deed, yearly rent is reduced to a peppercorn per annum with effect from 24 June 2011 until 13 June 2014, being the date of the first break clause under the original Lease, and the Lease may be terminated at any time by either party subject to a one month notice period