

Registered Number 4252666

Monument (Sutton) Limited  
Annual Report and Financial Statements  
for the year ended 31 March 2010

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**MONUMENT (SUTTON) LIMITED****Annual report and financial statements for the year ended 31 March 2010**

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## **MONUMENT (SUTTON) LIMITED**

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### **Directors and auditors**

#### **Directors**

T R Plummer

J N Tibbles

D J Rigney (resigned 21/7/10)

A J Alexander (appointed 21/7/10)

#### **Company Secretary**

P Vinall (resigned 21/7/10)

J Paul (appointed 21/7/10)

#### **Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants & Statutory Auditors

Hay's Galleria

1 Hay's Lane

London

SE1 2RD

#### **Registered Office**

Nationwide House

Pipers Way

Swindon

Wiltshire

SN38 1NW

#### **Registered Number**

4252666

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**MONUMENT (SUTTON) LIMITED****Directors report for the year ended 31 March 2010**

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The directors present their report and the audited financial statements for the year ended 31 March 2010

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**

The principal activities of Monument (Sutton) Limited ("the Company") are to acquire and manage property

The Company is a wholly owned subsidiary of Nationwide Building Society ("the Group")

The Company is registered, domiciled and operates solely in its country of incorporation, England

**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

The Company's previously largest tenant has now relocated its activities to Bournemouth. The tenant remains liable under the terms of its lease for rent and its covenant strength is strong. Although well maintained, the building is in need of major updating to attract future tenants in the currently subdued office market

**Results, dividends and capital**

The loss after taxation for the year to 31 March 2010 was £640,000 (2009 loss £911,000). The directors do not recommend the payment of a dividend (2009 - £nil). The directors approved a capital reduction of the issued share capital to £7,500,002 in December 2009 (2009 £10,750,002)

**Risk management and control**

The financial risk management objectives and policies which correspond to the principal risks and uncertainties faced by the Company are shown in note 15

**Key performance indicators**

As the Company is a part of the Nationwide Group and given the straightforward nature of the Company's business, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business

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**MONUMENT (SUTTON) LIMITED****Directors report for the year ended 31 March 2010 (continued)**

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**Directors and directors' interests**

The present Board of Directors is shown on page 2

At no time during the period 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 directors are satisfied that Monument (Sutton) Limited has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Employees**

The Company has no employees (2009 Nil). All staff are employed by the ultimate parent undertaking, Nationwide Building Society.

**Creditor payment policy**

Creditor payment policy is operated at a Group level as a central accounts payable function operates. The Group's policy is to agree the terms of payment with suppliers at the start of trading, ensuring suppliers are aware of the terms of payment and pay in accordance with its contractual and other obligations. The Group's policy is to settle the supplier's invoice for the complete provision of goods and services (unless there is an express provision for stage payments), when in full conformity with the terms and conditions of the purchase, within the agreed payment terms. The Group's creditor days were 18 days at 4 April 2010 (2009 21 days).

**Environment**

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Group has a comprehensive programme of activity on environmental issues. It runs an active carbon-saving programme and has taken action on issues such as transport, lighting, heating and recycling.

**Domicile**

The Company is a Company limited by shares which is registered and domiciled in England. The Registered office is Nationwide House, Pipers Way, Swindon, Wiltshire, SN38 1NW.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution for their reappointment is to be proposed at the forthcoming Annual General Meeting.

## **MONUMENT (SUTTON) LIMITED**

### **Directors report for the year ended 31 March 2010 (continued)**

#### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual 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 elected to prepare 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 estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (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.

In accordance with Section 418, 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 on 21 December 2010

(NAME)   
Director  
ANTHONY JOHN ALEXANDER

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**MONUMENT (SUTTON) LIMITED****Independent auditors' report to the members of Monument (Sutton) Limited**

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We have audited the financial statements of Monument (Sutton) Limited for the year ended 31 March 2010 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 5, 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 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.

**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 2010 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.

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**MONUMENT (SUTTON) LIMITED****Independent auditors' report to the members of Monument (Sutton) Limited (continued)**

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**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 Ellison (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

[Date] 21 DECEMBER 2010



**MONUMENT (SUTTON) LIMITED****Statement of comprehensive income for the year ended 31 March 2010**

	Note	2010 £'000	2009 (Restated) £'000
Revenue	2	846	1,083
Administrative expenses	3	(279)	(479)
Depreciation and amortisation costs	9	(72)	(73)
Property revaluation	8	(1,400)	(1,950)
<b>Operating loss</b>		<b>(905)</b>	<b>(1,419)</b>
Interest receivable	4	33	154
<b>Loss before tax</b>		<b>(872)</b>	<b>(1,265)</b>
Taxation	7	232	354
<b>Loss for the year attributable to equity shareholder</b>		<b>(640)</b>	<b>(911)</b>

The above results are derived from continuing operations of the business

The accounting policies and notes on pages 12 to 25 form part of these financial statements

**MONUMENT (SUTTON) LIMITED****Balance sheet as at 31 March 2010**

	Note	2010 £'000	2009 (Restated) £'000
<b>Non current assets</b>			
Investment property	8	7,000	8,400
Plant and equipment	9	74	146
Deferred taxation	12	460	76
		<b>7,534</b>	<b>8,622</b>
<b>Current assets</b>			
Amounts due from parent undertaking	10	1,292	3,771
Corporation tax		-	110
Other assets	11	191	244
		<b>1,483</b>	<b>4,125</b>
<b>Total assets</b>		<b>9,017</b>	<b>12,747</b>
<b>Current liabilities</b>			
Corporation tax		62	-
Other liabilities	13	558	460
<b>Total liabilities</b>		<b>620</b>	<b>460</b>
<b>Equity</b>			
Called-up share capital	14	7,500	10,750
Retained earnings		897	1,537
<b>Total equity</b>		<b>8,397</b>	<b>12,287</b>
<b>Total equity and liabilities</b>		<b>9,017</b>	<b>12,747</b>

The accounting policies and notes on pages 12 to 25 form part of these financial statements

The financial statements were approved by the board of directors on 21 December 2010

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 2010**

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	<b>Retained earnings</b>	<b>Share Capital</b>	<b>Equity Shareholders Funds</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2008 (Restated)	2,448	10,750	13,198
Loss for year ended 31 March 2009 (Restated)	(911)	-	(911)
At 1 April 2009 (Restated)	1,537	10,750	12,287
Capital reduction	-	(3,250)	(3,250)
Loss for year ended 31 March 2010	(640)	-	(640)
<b>At 31 March 2010</b>	<b>897</b>	<b>7,500</b>	<b>8,397</b>

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On 3 December 2009, a written resolution approved the reduction of the issued share capital of the Company

The accounting policies and notes on pages 12 to 25 form part of these financial statements

**MONUMENT (SUTTON) LIMITED****Cash flow statement for the year ended 31 March 2010**

	Note	2010 £'000	2009 (Restated) £'000
<b>Cash flows from operating activities</b>			
Loss before tax		(872)	(1,265)
Adjustments for			
• Decrease in other assets		53	375
• Increase/(decrease) in current liabilities		164	(27)
• Depreciation and amortisation	9	72	73
• Property revaluation	8	1,400	1,950
• Taxation		(46)	(117)
<b>Net cash from operating activities</b>		<b>771</b>	<b>989</b>
<b>Cash flows from financing activities</b>			
• Capital reduction		(3,250)	-
<b>Net cash flows from financing activities</b>		<b>(3,250)</b>	<b>-</b>
<b>Net (decrease)/increase in cash</b>		<b>(2,479)</b>	<b>989</b>
Cash and cash equivalents at the start of the year		3,771	2,782
<b>Cash and cash equivalents at the end of the year</b>		<b>1,292</b>	<b>3,771</b>

The accounting policies and notes on pages 12 to 25 form part of these financial statements

## **MONUMENT (SUTTON) LIMITED**

### **Notes to the financial statements for the year ended 31 March 2010**

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#### **1. Statement of accounting policies**

##### **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"), and with those parts of the Company's Act 2006, applicable to companies 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

##### **Prior year restatement**

Historically the Company has valued its investment property in a consistent manner with that required during the preparation of the consolidated Group accounts. This vacant possession basis recognises that from the Group's perspective there is no tenant. IAS40 states that "The fair value of investment property reflects among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions". The standard therefore requires the Company to recognise the tenant cashflows it receives in the values used in preparing its own accounts.

Prior period valuations of investment properties have been restated as follows

- The value of investment property disclosed at 1 April 2008 has increased by £1,300,000 to £10,350,000
- The value of investment property disclosed at 1 April 2009 has increased by £1,900,000 to £8,400,000

The deferred tax on property revaluation has also been adjusted to reflect the different property valuations at 1 April 2008 and 1 April 2009. The Statement of comprehensive income tax charge for the year ended 31 March 2009 is similarly amended.

##### **Changes in accounting policy**

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

**IFRS 7 'Improving disclosures about financial instruments'** The amendment clarifies and enhances disclosures concerning fair value measurement and the liquidity risk of financial instruments.

**IAS 1 'Presentation of financial statements'** Adoption of the revised standard has amended the presentation of the financial statements. The effect has been to replace the statements of recognised income and expense and movements in reserves with a statement of comprehensive income and a statement of movements in equity. There has been no change to the recognition, measurement or disclosure of transactions and events resulting from the adoption of the revised IAS 1.

The Company has adopted the amendment to IAS 1 'Presentation of Financial Statements: Capital Disclosures'. This standard requires additional disclosures of the objectives, policies and processes for managing capital, quantitative data about what the Company regards as capital, and compliance with capital requirements.

**Improvements to IFRSs' (May 2008)** The pronouncement includes several small amendments which have had no significant impact for the Company.

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**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)**

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**1. Statement of accounting policies (continued)****Future accounting developments**

The following pronouncements will be relevant to the Company but were not effective at 31 March 2010 and have not been applied in preparing these financial statements. The full impact of these accounting changes is being assessed by the Company, however, the initial view is that these pronouncements, are not expected to cause any significant impact on the Company accounts other than as noted in the following tables.

The following pronouncement has been adopted for use in the European Union (EU) but is not yet effective.

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Effective date</b>
Improvements to IFRSs (April 2009)	Several small amendments with no significant impact for the Company	Varies, mainly Accounting Periods (AP) beginning on or after 1 January 2010

The following pronouncement is neither adopted by the EU nor effective for this financial year.

<b>Pronouncement</b>	<b>Nature of change</b>	<b>Effective date</b>
IFRS 9 Financial Instruments - Classification and Measurement	The new standard addresses phase 1 of the IASB's project to replace IAS 39, Financial Instruments and requires financial assets to be classified as at amortised cost or at fair value. The available for sale (AFS) category will not be available. Early adoption is permitted, once endorsed by the EU. The impact of IFRS 9 on the Company is currently being considered.	AP beginning on or after 1 January 2013

**Rental income**

Rents received and receivable from investment properties are included in the Statement of comprehensive income on the basis that credit is taken when the rents fall due for payment. Provision is made for any rents due but not considered recoverable.

**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.

## **MONUMENT (SUTTON) LIMITED**

### **Notes to the financial statements for the year ended 31 March 2010 (continued)**

#### **1. Statement of accounting policies (continued)**

##### **Interest receivable and interest expense (continued)**

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

##### **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.

##### **Plant and equipment**

Equipment, Fixtures and Fittings 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
Furniture and fittings	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.

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.

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**MONUMENT (SUTTON) LIMITED**

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**Notes to the financial statements for the year ended 31 March 2010 (continued)**

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**1. Statement of accounting policies (continued)****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.

**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.

**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 Group and banks. Accordingly the comparatives in the Cash flow statement have been amended to reflect the current year's presentation by removing intercompany liabilities from cash and cash equivalents.

**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.

Contingent liabilities have not been recognised.

**Share capital**

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

When such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in 'Equity'.

**1a. 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 are as follows:

**Valuation of investment properties**

Investment Properties are 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 2010 would be £5,000,000.

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**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****1a. Judgements in applying accounting policies and critical accounting estimates (continued)****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.

**2. Revenue**

Rentals are receivable on property owned by the Company and include an amount of £750,000 (2009 - £750,000) receivable from UCB Home Loans Corporation Limited, a fellow subsidiary undertaking of Nationwide Building Society.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rental Income	<b>829</b>	1,063
Service Charge Income	<b>17</b>	20
	<b>846</b>	1,083

**3. Administrative expenses**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Property agent management fees	<b>27</b>	-
Management fees from Nationwide Building Society	<b>22</b>	44
Other administrative expenses	<b>230</b>	435
	<b>279</b>	479

The auditors' remuneration for the year ended 31 March 2010 was borne by the ultimate parent undertaking. Other administrative expenses includes £21,000 of rental income related write offs due to the failure of a 3<sup>rd</sup> party tenant in the period.

**4. Interest receivable**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	-	1
Interest receivable from Nationwide Building Society	<b>22</b>	153
Other interest	<b>11</b>	-
	<b>33</b>	154

**5. Employee information**

The average number of persons employed by the Company was nil (2009 - nil).

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**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)**

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**6. Directors' emoluments**

All the Directors are employees of Nationwide Building Society who provide the services of the Directors to the Company

The Directors are remunerated by Nationwide Building Society. No emoluments were paid or are payable by the Company to the Directors in respect of services provided to the Company during the year (2009 nil)

Further details of Nationwide Group's Directors emoluments can be found in the Nationwide Building Society Annual Report and Accounts 2010

**7. Taxation**

	2010	2009
	£'000	(Restated) £'000
Current tax		
UK corporation tax	140	-
Adjustments with respect to prior period	12	17
Group relief	-	161
Deferred tax		
Current year	(384)	(530)
Adjustments with respect to prior period	-	(2)
<b>Taxation</b>	<b>(232)</b>	<b>(354)</b>

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

	2010	2009
	£'000	(Restated) £'000
Loss before tax	(872)	(1,265)
<b>Tax calculated at a rate of 28% (2009 – 28%)</b>	<b>(244)</b>	<b>(354)</b>
Effects of		
Adjustments with respect to prior period	12	15
Income not taxable for tax purposes	-	(15)
<b>Taxation</b>	<b>(232)</b>	<b>(354)</b>

**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****8. Investment Property**

	2010	2009 (Restated)
	£'000	£'000
Valuation		
At 1 April 2009	8,400	10,350
Revaluation	(1,400)	(1,950)
<b>At 31 March 2010</b>	<b>7,000</b>	<b>8,400</b>

The carrying value of £7,000,000 represents the open market value of the property at 31 March 2010 as valued by an independent qualified surveyor, in accordance with the Appraisal and Valuation manual published by the Royal Institute of Chartered Surveyors

**9. Plant and equipment**

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

	Equipment fixtures and fittings £'000	Plant and machinery £'000	Total £'000
Cost/Valuation			
At 1 April 2008	433	70	503
At 31 March 2009	433	70	503
Accumulated depreciation			
At 1 April 2008	244	40	284
Charge for the year	63	10	73
At 31 March 2009	307	50	357
Net book value			
At 31 March 2009	126	20	146

**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****10. Cash and cash equivalents**

Cash and cash equivalents of £1,292,000 (2009 £3,771,000) are all due from Nationwide Building Society. These amounts are held on deposit at normal commercial rates and are repayable on demand.

<b>11. Other assets:</b> amounts falling due within one year	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Rents receivable	191	196
Other debtors	-	17
Amounts owed by parent undertaking	-	31
	<b>191</b>	<b>244</b>

**12. Deferred Taxation**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>(Restated)</b> <b>£'000</b>
Balance at 1 April 2009	76	(456)
Current year deferred tax credit	384	530
Adjustments with respect to prior period	-	2
<b>Balance at 31 March 2010</b>	<b>460</b>	<b>76</b>

Deferred tax assets and liabilities are attributable to the following items

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>(Restated)</b> <b>£'000</b>
Accelerated tax depreciation	(752)	(744)
Property revaluation	1,212	820
	<b>460</b>	<b>76</b>

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>(Restated)</b> <b>£'000</b>
Accelerated tax depreciation	8	14
Property revaluation	(392)	(546)
	<b>(384)</b>	<b>(532)</b>

**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****13. Other liabilities** amounts falling due within one year

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Group relief payable	<b>161</b>	227
Accruals and deferred income	<b>386</b>	233
Amounts owed to parent undertaking	<b>11</b>	-
	<b>558</b>	460

**14. Called up share capital**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
20,000,000 ordinary shares of £1 each	<b>20,000</b>	20,000
Allotted, issued and fully paid		
7,500,002 ordinary shares of £1 each	<b>7,500</b>	10,750

On the 16 November 2009 the Company reduced its issued share capital by £3,250,000 a sum equal to the reduction was paid to the sole holder of ordinary shares as a special capital payment

**15. Risk management control****Overview**

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

The net interest income of Monument (Sutton) Limited is exposed to movements in market interest rates. These movements do not pose a significant risk to the net interest income as the funding rates are matched to the terms on the underlying assets, floating rate assets have floating rate funding and fixed rate assets have fixed rate funding.

**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****15. Risk management control (continued)****Market risk (continued)**

Exposure to interest rate risk is not a material risk to Monument (Sutton) Limited therefore individual sensitivity analysis has not been performed but has been 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.

**Credit risk**

Credit risk is the risk that a customer or counterparty will not be able to meet its obligations as they become due. The vast majority of credit risk is with the Company's largest tenant UCB Home Loans which is an intra group relationship. Credit risk is managed through a combination of risk analytics, which includes the use of credit checking agencies and risk policies. Significant changes in the economy, or a sector that represents a concentration of the Company's portfolio, could result in losses that are different from those provided for at the balance sheet date.

The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

**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.

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.

<b>At 31 March 2010 – Residual Maturity</b>	<b>Repayable on demand £'000</b>	<b>Up to 3 months £'000</b>	<b>3-12 months £'000</b>	<b>1-5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
Investment property	-	-	-	-	7,000	7,000
Plant and equipment	-	-	-	-	74	74
Cash and cash equivalents	1,292	-	-	-	-	1,292
Other assets	191	-	-	460	-	651
<b>Total assets</b>	<b>1,483</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>7,074</b>	<b>9,017</b>
<b>Liabilities</b>						
Other liabilities	11	386	223	-	-	620
<b>Total liabilities</b>	<b>11</b>	<b>386</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>620</b>
<b>Net Liquidity gap</b>	<b>1,472</b>	<b>(386)</b>	<b>(223)</b>	<b>460</b>	<b>7,074</b>	<b>8,397</b>

**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****15. Risk management control (continued)****Liquidity risk (continued)**

At 31 March 2009 – Residual Maturity	<b>Repayable on demand £'000</b>	<b>Up to 3 months £'000</b>	<b>3-12 months £'000</b>	<b>1-5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
Investment property	-	-	-	-	8,400	8,400
Plant and equipment	-	-	-	-	146	146
Cash and cash equivalents	3,771	-	-	-	-	3,771
Other assets	31	213	110	76	-	430
<b>Total assets</b>	<b>3,802</b>	<b>213</b>	<b>110</b>	<b>76</b>	<b>8,546</b>	<b>12,747</b>
<b>Liabilities</b>						
Other liabilities	-	-	460	-	-	460
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>-</b>	<b>-</b>	<b>460</b>
<b>Net Liquidity gap</b>	<b>3,802</b>	<b>213</b>	<b>(350)</b>	<b>76</b>	<b>8,546</b>	<b>12,287</b>

Other assets include amounts owed by parent undertaking and other assets

Other liabilities includes current tax liabilities

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.

**MONUMENT (SUTTON) LIMITED****Notes to the financial statements for the year ended 31 March 2010 (continued)****15. Risk management control (continued)****Liquidity risk (continued)**

The following is an analysis of the gross contractual cash flows payable under financial liabilities

At 31 March 2010 – Gross Contractual cash flows	<b>Repayable on demand £'000</b>	<b>Up to 3 months £'000</b>	<b>3-12 months £'000</b>	<b>1-5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
<b>Liabilities</b>						
Other liabilities	11	387	223	-	-	621
<b>Total liabilities</b>	<b>11</b>	<b>387</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>621</b>

At 31 March 2009 – Gross Contractual cash flows	<b>Repayable on demand £'000</b>	<b>Up to 3 months £'000</b>	<b>3-12 months £'000</b>	<b>1-5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
<b>Liabilities</b>						
Other liabilities	-	2	462	-	-	464
<b>Total liabilities</b>	<b>-</b>	<b>2</b>	<b>462</b>	<b>-</b>	<b>-</b>	<b>464</b>

**Operational risk**

Operational risk is the risk associated with the operational activities of the business. An operational risk framework is in place to monitor, evaluate and resolve operational risk issues as they are identified and ultimately to limit the incidence of future operational risk issues to an acceptable level.

**Fair value of financial assets and liabilities**

The cash and cash equivalents relate to balances held on deposit with 'Nationwide Building Society', the Company's parent. As these amounts are cash deposits that are repayable on demand, the directors feel that the book value stated in these accounts is not materially different to their fair value.

**16. 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 6.



## **MONUMENT (SUTTON) LIMITED**

### **Notes to the financial statements for the year ended 31 March 2010 (continued)**

#### **16. 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

Transactions are entered into with related parties in the normal course of business. These include loans, deposits, rentals receivable and the payment and recharge of administrative expenses. See Notes 2, 3, 4, 6, 10, 11 and 13.

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deposit with Nationwide Building Society</b>		
Deposit outstanding at 1 April 2009	<b>3,771</b>	2,782
Deposit placed during the year	<b>777</b>	1,128
Deposit repayments during the year	<b>(3,256)</b>	(139)
<b>Deposit outstanding at 31 March 2010</b>	<b>1,292</b>	3,771
<b>Revenue</b>		
Rent receivable	<b>750</b>	750
<b>Net interest income</b>		
Interest receivable	<b>22</b>	153
<b>Other income and expenses</b>		
Fees and expenses paid to the Society	<b>22</b>	44

#### **17. Capital commitments**

At 31 March 2010 the Company had capital expenditure contracted for but not provided for in the financial statements of £nil (2009 £nil)

#### **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.

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**MONUMENT (SUTTON) LIMITED**

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**Notes to the financial statements for the year ended 31 March 2010 (continued)**

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**20. Post balance sheet event**

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted in the Finance (No 2) Act 2010 would be to reduce the deferred tax asset provided at 31 March 2010 and result for the year by £16,044. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 28 per cent to 27 per cent with effect from 1 April 2011.

The subsequent reductions by 1% per year to 24% by 1 April 2014 are expected to be enacted separately each year. The overall effect of these changes, if applied to the deferred tax balance at 31 March 2010, would be to reduce the deferred tax asset by £24,663 (being £15,636 recognised in 2012 and £9,027 recognised in subsequent years).