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**Southern Mortgage Corporation Limited**

**Annual Report**

**For the year ended 31 December 1998**

**Registered No: 1849640**



**Annual Report**  
**for the year ended 31 December 1998**

**Pages**

Directors and Advisers	1
Directors' Report	2-3
Auditors' Report	4
Balance Sheet	5
Notes to the Accounts	6-7

## **Directors and Advisers**

### **Directors**

Michael Jackson (resigned 20 August 1998)

Ian Kerr (appointed 20 August 1998)

Guy Thomas

### **Registered Auditors**

PricewaterhouseCoopers

Temple Court

35 Bull Street

Birmingham

B4 6JT

### **Secretary and Registered Office**

Jacqueline Collins

Birmingham Midshires Building Society

Pendeford Business Park

Wobaston Road

Wolverhampton

WV9 5HZ

### **Solicitors**

Rees Page

32-36 Lichfield Street

Wolverhampton

West Midlands

WV1 1DN

## **Directors' Report for the year ended 31 December 1998**

The Directors present their report together with the audited accounts for the year ended 31 December 1998.

### **Business objectives and principal activities**

The company did not trade during the year and accordingly no profit and loss account is presented. It is not expected that it will trade in the foreseeable future.

### **Directors**

The Directors who have served during the year were as shown on page 1 of these accounts.

Ian Kerr retires by rotation and, being eligible, offers himself for re-election.

Ian Kerr and Guy Thomas are Directors of the parent undertaking, Birmingham Midshires Building Society, and their interests are noted in the statutory accounts of the Society. Michael Jackson was a Director of the same parent undertaking until 20 August 1998.

No Director had any interest in the share capital of the company at any time during the year.

### **Statement of Directors' responsibilities**

Company law requires the Directors to prepare accounts for each financial year which 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 accounts, 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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 accounts comply with the Companies Act 1985. 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.

The ultimate parent undertaking sets out its standards on corporate governance in its statutory accounts.

**Southern Mortgage Corporation Limited**

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**Auditors**

Our auditors, Coopers & Lybrand merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the Directors appointed the new firm, PricewaterhouseCoopers, as auditors.

By order of the Board

Jacqueline Collins  
Secretary  
Wolverhampton

4 February 1999

## **Auditors' Report to the members of the Southern Mortgage Corporation Limited**

We have audited the accounts on pages 5 to 7 .

### **Respective responsibilities of Directors and Auditors**

As described on pages 2 and 3 the company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

### **PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors  
Birmingham

4 February 1999


**Southern Mortgage Corporation Limited**

**BALANCE SHEET**

as at 31 December 1998

	Note	1998 £	1997 £
Current assets:			
Debtors	2	1,000	1,000
Total current assets		1,000	1,000
Net current assets		1,000	1,000
Capital and reserves:			
Called up share capital	3	1,000	1,000
Total shareholders' funds		1,000	1,000

The accounts on pages 5 to 7 were approved by the Board of Directors on 4 February 1999 and were signed on its behalf by:

  
 .....  
 Guy Thomas, Director

## NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

### 1 ACCOUNTING POLICIES

#### Accounting Convention

The accounts have been prepared in accordance with the historical cost convention and with applicable accounting standards in the United Kingdom, which have been applied consistently.

### 2 DEBTORS

	1998 £	1997 £
Amounts falling due within one year:		
Amounts owed by parent undertaking	1,000	1,000

### 3 CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised, Allotted, called up and fully paid:		
10 ordinary shares of £1 each	10	10
40 preferred ordinary shares of £1 each	40	40
50 5% non cumulative 'A' preference shares of £1 each	50	50
900 1% non cumulative 'B' preference shares of £1 each	900	900
	1,000	1,000

The preference shares are non-voting and have a preferential right to a return of capital on a winding up.



**4 ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Birmingham Midshires Building Society which is incorporated in Great Britain and registered in England and Wales under the Building Societies Act 1986.

Accounts of the ultimate parent undertaking may be obtained from the Secretary at the registered office of the company.

**5 RELATED PARTY TRANSACTIONS**

Full disclosure of transactions and balances with the ultimate parent undertaking, its direct and indirect subsidiaries and quasi subsidiary which are eliminated on consolidation are not made in these accounts. Classification of such transactions and balances in other notes to these accounts are disclosed as appropriate.