Legal & General Estate Agencies Limited

Annual report

for the year ended 31 December 2000

Registered Number: 2511421

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Legal & General Estate Agencies Limited

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for the year ended 31 December 2000

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Legal & General Estate Agencies Limited

Directors and Advisors for the year ended 31 December 2000

Directors
L K Penney
R A Phipps
C G G Thibaut
V White

Secretary
J P Seabrook

Auditors
PricewaterhouseCoopers
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Registered Office
Temple Court
11 Queen Victoria Street
LONDON
EC4N 4TP

Registered Number
2511421

Legal & General Estate Agencies Limited

Directors' report for the year ended 31 December 2000

The directors submit their annual report together with the audited financial statements of Legal and General Estate Agencies Limited for the year ended 31 December 2000.

Principal activities
The principal activity of the company is to act as a holding company.

Results for the year and dividends
The results of the Company are set out on page 6. The directors do not recommend the payment of a dividend (1999: £Nil).

Directors
The names of the present directors are shown on page 1.

C G G Thibaut and V White were appointed as directors of the Company on 6 September 2000. D Crocker resigned as a director of the Company on 6 September 2000. M Gregory and R Beer resigned as directors of the Company on 9 September 2000. D Maltby resigned as a director of the Company on 31 December 2000.

Directors' share interests

No director had any interest in the shares of the Company during the year ended 31 December 2000.

R A Phipps is a director of the ultimate holding company, Legal & General Group Plc, and his interests in the shares in the ultimate holding company are shown in the accounts of that company.

According to the Register of Directors' Share Interests kept by the Company, the remaining director had interests within the meaning of the Companies Act 1985 in the ordinary shares of 2.5p each on 31 December 2000 in the Company's ultimate holding company, Legal & General Group Plc, as shown below:

	At 31 December 2000	At 1 January 2000*
L K Penney	42,940	56,143
C G G Thibaut	2,584	6,464
V White	7,350	4,264

(* or date of appointment if later)

Directors' report for the year ended 31 December 2000 (continued)

Directors' share interests (continued)
Included in the directors' share interests shown above are, where applicable, shares allotted under the employee profit sharing scheme, the Restricted Share Plan (RSP) and the Share Bonus Plan (SBP). Details of the RSP and SBP schemes are disclosed in the accounts of the ultimate holding company.

In addition to the interests listed above, the directors (not including those whose options are disclosed in the accounts of the ultimate holding company) held the following options. They were acquired under either the Legal & General Executive Share Option Scheme (closed October 1995) and/or the Legal & General 1999 Executive Share Option Scheme ("ESOS"); and/or the Legal & General Group Plc Savings-Related Share Option Scheme (1991) and/or Legal & General 1999 Savings-Related Share Option Scheme ("SAYE") and/or Legal & General Group plc 1999 Company Share Option Scheme ("CSOP"). Details of options granted and exercised, together with options held are set out in the table below:

	L K Penney	C G G Thibaut	V White
At 1 January 2000*	58,312	13,100	13,412
Granted during year			
ESOS	1,159	-	-
SAYE	3,810	-	-
CSOP	17,341	12,500	10,000
Exercised during year			
SAYE	(18,136)	(3,100)	-
At 31 December 2000	**62,486**	**22,500**	**23,412**

(* or date of appointment if later)

No options lapsed during the year.

Related party transactions
At 31 December 2000 there were outstanding mortgage and policy loans from Legal & General Bank Ltd, a fellow subsidiary of Legal & General Group Plc, amounting to £54,565 (1999:£244,572) made to 2 (1999:1) directors. All such loans are on normal commercial terms at rates which are no more favourable than those available to staff in general.

Auditors
A resolution to re-appoint the auditors, PricewaterhouseCoopers, who have expressed their willingness to be reappointed, will be proposed at the Annual General Meeting.

By order of the Board

J P Seabrook
Secretary
28 March 2001

Legal & General Estate Agencies Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 the period and which comply with the relevant provisions of the Companies Act 1985. 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are also responsible for:

- Ensuring that the Company has suitable internal controls for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.
- Safeguarding the assets of the Company.
- Taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Auditors' report to the members of Legal & General Estate Agencies Limited

We have audited the financial statements on pages 6 to 12, which have been prepared under the historical cost convention using the accounting policies set out on page 8.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for the preparation of the financial statements. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our audit if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds
20 March 2001

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Legal & General Estate Agencies Limited

Profit and loss account for the year ended 31 December 2000

	Note	2000	1999
		£	£
Write-down of investments	6	**(5,251,605)**	(748,395)
Net waiver of intercompany balances		**(1,254,956)**	(7,121,966)
Loss for the financial year	10	**(6,506,561)**	(7,870,361)

All gains and losses which arose during the year have been reflected in the profit and loss account.

All results were derived from continuing operations.

There is no material difference between reported loss and historical cost loss for 2000 and 1999.

The notes on pages 8 to 12 form an integral part of these financial statements.

Legal & General Estate Agencies Limited

Balance sheet as at 31 December 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Shares in group undertakings	6		-		5,251,605
Current assets					
Debtors	7	**13,340,801**		14,646,413	
Creditors – Amounts falling due within one year	8	**(324,820)**		(375,476)	
Net current assets			**13,015,981**		14,270,937
Total assets less current liabilities			**13,015,981**		19,522,542
Capital and reserves					
Called up share capital	9		**22,176,000**		22,176,000
Share premium account			**25,920,234**		25,920,234
Profit and loss account – deficit	10		**(35,080,253)**		(28,573,692)
Total shareholders' funds – equity interests	10		**13,015,981**		19,522,542

The notes on pages 8 to 12 form an integral part of these financial statements.

The financial statements on pages 6 to 12 were approved by the board of directors on 20 March 2001 and were signed on its behalf by:

V White
Director

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies

The financial statements have been prepared in accordance with the historical cost convention, the Companies Act 1985 and applicable accounting standards.

The principal accounting policies, which have been applied consistently, are set out below.

Consolidated financial statements
In accordance with Section 228 of the Companies Act 1985, the Company does not present consolidated financial statements since it is itself a wholly owned subsidiary.

Investment in subsidiary undertaking
The investment in subsidiary undertaking is carried at cost less provision for permanent diminution in value.

Deferred tax
Deferred tax is calculated on the liability method and provided only to the extent that it is considered, with reasonable probability, that the liability will become payable within the foreseeable future.

Related party transactions
The Company has taken advantage of the exemption in Financial Reporting Standard 8 (Related Party Disclosures) from disclosing related party transactions with other entities included in the consolidated financial statements for Legal & General Plc.

2 Directors' emoluments

The amount of emoluments, including pension contributions relating to the directors' services to the Company was £102,586 (1999:£196,093.) All emoluments are recharged to other group companies.

Redundancy payments of £70,252 (1999:£nil) were made during the year to one director (1999:0).

Retirement benefits were accruing to 3 (1999:2) directors during the year under the defined benefit pension scheme of the Legal & General Group Plc.

3 Employee information

The average number of persons employed by the Company during the year was:

	2000	1999
Full time	**1**	2
Part time	**1**	1
	2	3

Staff costs were:

	2000	1999
	£	£
Wages and salaries	**94,902**	181,545
Social security costs	**8,541**	18,367
Other pensions costs	**7,684**	14,548
	111,127	214,460

4 Auditors' remuneration

Auditors' remuneration is borne by another group company.

5 Tax on loss on ordinary activities

There has been no tax arising on activities in the current or prior year. There is no unprovided deferred tax (1999:£nil).

6 Shares in group undertakings

	2000 Total £
Cost	
At 1 January 2000 and 31 December 2000	11,500,000
Provision	
At 1 January 2000	6,248,395
Provided	5,251,605
At 31 December 2000	**11,500,000**
Net book amount	
At 31 December 2000	**-**
At 31 December 1999	5,251,605

At 31 December 2000, the Company owned all the issued ordinary share capital of the following company which is the principal trading subsidiary and is registered in England and Wales:

Name of company	Principal activity
Whitegates Estate Agency Limited	Residential estate agency operations

7 Debtors

	2000 £	1999 £
Amounts owed by group undertakings	**13,340,801**	14,646,413

8 Creditors – Amounts falling due within one year

	2000 £	1999 £
Amounts owed to group undertakings	**324,820**	375,476

9 Called up share capital

	2000	1999
	£	£
Authorised		
30,000,000 ordinary shares of £1 each	**30,000,000**	30,000,000
Allotted, called up and fully paid		
22,176,000 ordinary shares of £1 each	**22,176,000**	22,176,000

10 Profit and loss account

	2000
	£
At 1 January 2000 – deficit	(28,573,692)
Loss for the financial year	(6,506,561)
At 31 December 2000 – deficit	**(35,080,253)**

11 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Shareholders' funds at 1 January	**19,522,542**	27,392,903
Prior year adjustment	**-**	3,236,000
Prior year adjustment	**-**	(8,000,000)
	19,522,542	22,628,903
Issue of shares	**-**	4,764,000
Loss for the financial year	**(6,506,561)**	(7,870,361)
Shareholders' funds at 31 December	**13,015,981**	19,522,542

12 Contingent liability

The Company has entered into cross-guarantee arrangements in respect of bank overdrafts made available to group companies. At 31 December 2000 the amount of this contingent liability was £202,551 (1999: £102,401).

The Company has a contingent liability should sub-tenants default on their rent. It is not possible to meaningfully quantify this liability.

13 Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised) and has not presented a cash flow statement. The ultimate holding company, Legal & General Group Plc, has included a consolidated cash flow statement within its financial statements.

14 Holding company and ultimate holding company

The Company is a subsidiary of Legal & General Assurance Society Limited and the ultimate holding company is Legal & General Group Plc. Both companies are registered in England and Wales. Legal & General Group Plc is both the largest and smallest group into which the company's financial statements are consolidated.

Copies of the financial statements of Legal & General Group Plc can be obtained from Temple Court, 11 Queen Victoria Street, London, EC4N 4TP.