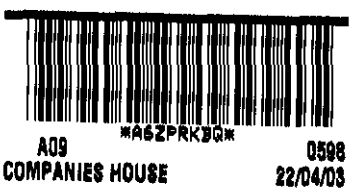
Registered Number 2511421

Legal & General Estate Agencies Limited

Report and Accounts

2002



Legal & General Estate Agencies Limited

Annual report
for the year ended 31 December 2002

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

Registered in England & Wales No. 2511421

Legal & General Estate Agencies Limited

Board of Directors

Directors
G T A Newitt
L K Penney, C.A. (S.A.)
R A Phipps (Chairman)
R P Sewell (A.C.A.)
M I Stoop
V White (A.C.A.)

Secretary
Legal & General Co Sec Limited

Legal & General Estate Agencies Limited

Directors' report for the year ended 31 December 2002

The directors submit their annual report together with the audited financial statements of Legal & General Estate Agencies Limited for the year ended 31 December 2002.

Principal activity

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

Results for the year and dividends

The Company did not trade during the year, and accordingly has made neither profit nor loss. The directors do not recommend the payment of a dividend (2001: £Nil).

Directors

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

C G G Thibaut and Melvyn Payne resigned as directors of the Company on 30 July 2002 and 31 May 2002 respectively. G T A Newitt was appointed as a director of the Company on 30 July 2002. All other directors remained in office throughout the year.

J P Seabrook resigned as Secretary of the Company on 1 October 2002. Legal & General Co Sec Limited was appointed as Corporate Secretary of the Company on 1 October 2002.

Directors' share interests

No director had any interest in the shares of the Company during the year ended 31 December 2002.

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 2002 in the Company's ultimate holding company, Legal & General Group Plc, as shown below:

	At 1 January 2002*	**At 31 December 2002**
G T A Newitt	25,276	**30,150**
L K Penney	47,893	**73,556**
R P Sewell	25,115	**40,409**
M I Stoop	5,966	**8,917**
V White	7,661	**13,090**

(* or date of appointment if later)

Included in the directors' share interests shown above are, where applicable, shares purchased and/or awarded under the Employee Share Plan (ESP), allotted under the employee profit sharing scheme (the last awards under which were made in April 2000), the Restricted Share Plan (RSP) and the Share Bonus Plan (SBP). Details of these share schemes are disclosed in the accounts of the ultimate holding company.

Legal & General Estate Agencies Limited

Directors' report for the year ended 31 December 2002 (continued)

Directors' share interests (continued)

On 26 September 2002 Legal & General Group Plc, the Company's ultimate holding company, increased its authorised share capital to £230m by the creation of 3,200m shares and on the 23 October 2002 increased its issued share capital by 1,341.6m shares by means of a rights issue (on the basis of 13 new shares at 60p for every 50 held).

Where appropriate, the adjustments to the shareholdings of directors who have taken up their rights have been shown as at 31 December 2002. In accordance with the Share Scheme Rules, the options granted under the various schemes have been adjusted to reflect the rights issue as at 31 December 2002.

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:

	At 01.01.02*	Granted during year			Exercised during year				At 31.12.02
		ESOS	SAYE	CSOP	ESOS	SAYE	CSOP	LAPSED	
G T A Newitt	51,884	-	14,947	-	-	-	-	2,425	70,265
L K Penney	83,946	20,000	25,838	-	-	11,648	-	13,248	114,431
R P Sewell	66,971	-	18,625	-	-	-	-	8,392	84,228
M I Stoop	46,500	15,000	1,527	-	-	-	-	1,527	67,095
V White	29,412	5,159	12,676	1,841	-	3,722	-	5,321	44,025

(* or date of appointment if later)

Related Party Transactions

There were no material transactions between directors or key managers and the Legal & General group of companies which are required to be disclosed under Financial Reporting Standard No. 8 Related Party Disclosures. All transactions between the Legal & General group of companies (or Legal & General Group Plc), their directors and key managers are at rates which are no more favourable than those available to staff in general.

Legal & General Estate Agencies Limited

Directors' report for the year ended 31 December 2002 (continued)

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By order of the board

for and on behalf of
Legal & General Co Sec Limited
Secretary
18 March 2003

Legal & General Estate Agencies Limited

Responsibility of the directors for the preparation of the financial statements

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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, and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements.

Legal & General Estate Agencies Limited

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

We have audited the financial statements which comprise the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in note 1.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

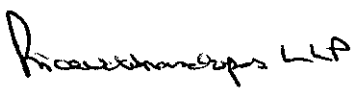
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept 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 report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 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 2002 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
LEEDS
18 March 2003

Legal & General Estate Agencies Limited

Balance sheet as at 31 December 2002

	Note	2002	2001
		£	£
Current assets			
Debtors	7	**13,015,981**	13,337,355
		13,015,981	13,337,355
Creditors – Amounts falling due within one year	8	**-**	(321,374)
Net current assets		**13,015,981**	13,015,981
Total assets less current liabilities		**13,015,981**	13,015,981
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)**	(35,080,253)
Total shareholders' funds – equity interests	11	**13,015,981**	13,015,981

The financial statements on pages 6 to 11 were approved by the board of directors on 18 March 2003 and were signed on its behalf by:

V White
Director

Legal & General Estate Agencies Limited

Notes to the financial statements for the year ended 31 December 2002

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.

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

2 Profit and loss

The Company did not trade during the year ended 31 December 2002 and accordingly it made neither profit nor loss (2001: £Nil). No profit and loss account has therefore been prepared.

3 Directors' emoluments

The amount of emoluments, including pension contributions relating to the directors' services to the Company was £87,633 (2001:£106,197.) All emoluments are charged to other group companies.

Retirement benefits were accruing to 2 (2001: 2) directors during the year under the Legal & General Group UK Senior Pension Scheme, a defined benefit pension scheme.

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 (2001:£nil).

Notes to the financial statements for the year ended 31 December 2002 (continued)

6 Shares in group undertakings

	2002 Total £
Cost	
At 1 January 2002 and 31 December 2002	11,500,000
Provision	
At 1 January 2002 and 31 December 2002	11,500,000
Net book amount	
At 31 December 2002	-
At 31 December 2001	-

At 31 December 2002, 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

	2002 £	2001 £
Amounts owed by group undertakings	**13,015,981**	13,337,355

8 Creditors – amounts falling due within one year

	2002 £	2001 £
Amounts owed to group undertakings	-	321,374

Notes to the financial statements for the year ended 31 December 2002 (continued)

9 Called up share capital

	2002	2001
	£	£
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

	Profit and loss account
	£
At 1 January and at 31 December 2002 – deficit	**(35,080,253)**

11 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Shareholders' funds at 1 January and at 31 December	**13,015,981**	13,015,981

Notes to the financial statements for the year ended 31 December 2002 (continued)

12 Contingent liability

The Company has entered into cross-guarantee arrangements in respect of bank overdrafts made available to group companies. At 31 December 2002 the amount of this contingent liability was £44,322 (2001: £47,956).

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 Cash Flow Statements (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 Pensions

The Company has no direct employees and therefore makes no direct contributions towards retirement benefits.

15 Holding company and ultimate holding company

The Company is a subsidiary of Legal & General Financial Services 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.