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LEGAL & GENERAL
OVERSEAS OPERATIONS LIMITED
REPORT AND ACCOUNTS
2004



LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

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Registered Office
Temple Court,
11, Queen Victoria Street,
London EC4N 4TP

Registered in England & Wales No. 3831702

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

BOARD OF DIRECTORS

Directors

A.M. Blance, F.C.C.A. (Chairman)

N. L. Collard

G. J. Hoskin, A.C.A.

J.D. Whorwood, A.C.M.A.

Secretary

Legal & General Co Sec Limited

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited financial statements of Legal & General Overseas Operations Limited for the year ended 31 December 2004.

Principal activity

Legal & General Overseas Operations Limited is an investment holding company.

Result for the year and dividend

The results of the Company are set out on page 8. The directors do not recommend the payment of a dividend (2003: £Nil).

Directorate

The names of the present directors are shown on page 2.

Directors' share interests

No director had any interests in the shares of the Company during the year ended 31 December 2004.

According to the Register of Directors' Share Interests kept by the Company, the remaining directors had interests within the meaning of the Companies Act 1985 in the ordinary shares of 2.5p each on 31 December 2004 in the Company's parent company, as shown below:

	At 1 January 2004	At 31 December 2004
A. M. Blance	445,194	395,541
N. L. Collard	168,506	192,646
G. J. Hoskin	236,118	275,259
J. D. Whorwood	68,265	77,832

Included in directors' share interests shown above are, where applicable, shares purchased and/or awarded under the Employee Share Plan (ESP), the Restricted Share Plan (RSP) and the Share Bonus Plan (SBP). Details of these share schemes are disclosed in the accounts of the parent company.

In addition to the interests listed above, the directors (not including those whose options are disclosed in the accounts of the parent company) held options over shares in the parent company. Options have been granted under the following schemes, the Legal & General 1999 Company Share Option Plan (CSOP), the Legal & General Executive Share Option Scheme (closed October 1995) and the Legal & General 1999 Executive Share Option Scheme (ESOS), the Legal & General Group Plc Savings-Related Share Option Scheme (1991) and Legal & General 1999 Savings-Related Share Option Scheme (SAYE). Details of the totals of options held are shown below:

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors' share interests (continued)

	At 1 January 2004	At 31 December 2004
A.M. Blance	213,697	213,697
N.L. Collard	117,688	117,688
G. J. Hoskin	270,427	270,427
J.D. Whorwood	183,702	183,702

No options were granted, exercised or lapsed during the year.

Elective resolution

An elective resolution has been passed by the Company's shareholders whereby the Company is not required to hold an Annual General Meeting and does not need to reappoint auditors each year.

By Order of the Board



For and on behalf of

Legal & General Co Sec Limited

Secretary

23 March 2005

LEGAL & GENERAL OVERSEAS OPERATIONS 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 that 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 which 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 confirm that they 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, and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

We have audited the financial statements which comprise the profit and loss account, balance sheet and 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 into 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 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.

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
23 March 2005

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

	Note	2004 £m	2003 £m
LOSS ON CONTINUING OPERATIONS			
Administrative expenses		(0.1)	(0.1)
Loss for the financial year	2	<u>(0.1)</u>	<u>(0.1)</u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Loss for the year		(0.1)	(0.1)
Currency translation differences on foreign currency net investments		(16.6)	(31.3)
Total recognised losses		<u>(16.7)</u>	<u>(31.4)</u>

The notes on pages 10 to 13 form part of these financial statements.

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED
BALANCE SHEET

As at 31 December 2004

	Note	2004 £m	2003 £m
Fixed asset investments			
Shares in group undertakings	5	539.0	576.4
Total assets less current liabilities		539.0	576.4
Creditors : amounts falling due after more than one year			
Amounts owed to group undertakings		(592.9)	(613.6)
Total net liabilities		<u>(53.9)</u>	<u>(37.2)</u>
Representing capital and reserves			
Called up share capital (1 ordinary share of £1)	7	-	-
Revaluation reserve	8	(53.7)	(37.1)
Profit and loss account	8	(0.2)	(0.1)
Shareholders' funds - equity interests		<u>(53.9)</u>	<u>(37.2)</u>
Reconciliation of movements in shareholders' funds			
At 1 January		(37.2)	(5.8)
Total recognised losses		(16.7)	(31.4)
At 31 December		<u>(53.9)</u>	<u>(37.2)</u>

The notes on pages 10 to 13 form part of these financial statements.

The financial statements on pages 8 to 13 were approved by the board of directors on 23 March 2005 and signed on its behalf by



A.M. Blance, Director

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

1 Accounting policies

The main accounting policies of the Company are as follows:

(a) Disclosure

The financial statements conform to applicable accounting standards and have been prepared under the historical cost convention, modified by the revaluation of certain assets as required by the Companies Act 1985. The Company's financial statements have been prepared in compliance with Schedule 4 of the Companies Act 1985.

The company is showing a deficit of net assets. The company's parent undertaking, Legal & General Group Plc, has agreed to provide financial support to the company so as to enable it to meet its liabilities as they fall due.

(b) Subsidiary undertakings

Investments in subsidiaries are carried at cost less any provision for permanent diminution in value.

(c) Foreign currencies

Assets, liabilities and income and expenditure transactions in foreign currencies are translated into sterling at rates of exchange ruling at the end of the year other than certain minor income and expenditure transactions which are translated into sterling at the appropriate rates prevailing during the year. The resulting exchange gains and losses are taken to the profit and loss account. Foreign currency transactions which are covered by specific forward exchange contracts are translated into sterling at the contracted exchange rates. The interest differential reflected in forward contracts is taken to the profit and loss account. Where the company has used foreign currency borrowings to finance overseas equity investments, revaluation of the overseas subsidiary undertakings less revaluations of the related borrowings are taken to reserves.

(d) Deferred tax

Deferred tax is recognised in respect of timing differences which have not reversed at the balance sheet date and which result in an obligation to pay more tax, or a right to pay less tax, at a future date. Deferred tax is measured at rates expected to apply when the timing differences reverse, based on current tax rates and law. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) Related party transactions

The Company has taken advantage of the exemption in 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 Loss on ordinary activities before tax

Loss on ordinary activities before tax is stated after charging:

	2004	2003
	£	£
Auditors' remuneration (all relates to audit services)	<u>1,000</u>	<u>1,000</u>

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

3 Directors' emoluments

No emoluments were paid to any director nor were any direct pension contributions paid (2003: £Nil).

4 Pensions

The company has no direct employees and hence makes no contribution towards retirement benefits.

5 Fixed asset investments

	2004 £m	2003 £m
Shares in group undertakings		
At 1 January	576.4	640.6
Additions in year	1.4	-
Loss on retranslation of investments in subsidiary undertakings	(38.8)	(64.2)
At 31 December	539.0	576.4

During 2004, the Company purchased an additional 499,999 ordinary shares in BLG Insurance Limited for a total consideration of US\$2.5m.

6 Subsidiary undertakings

The principal subsidiary undertakings of Legal & General Overseas Operations Limited are listed below. Each undertaking operates mainly in its country of incorporation and has only one class of issued ordinary shares, all of which are held by the Legal & General Overseas Operations Group. None of the subsidiary undertakings omitted from the list materially affects the results or assets of the Company.

	Nature of business	Incorporated in
<i>Held directly by the company</i>		
Legal & General America Inc	Holding company	USA
BLG Insurance Limited	Reinsurance	Guernsey
<i>Held indirectly through subsidiary undertakings</i>		
Banner Life Insurance Company Inc	Long term insurance	USA
William Penn Life Insurance Company of New York Inc	Long term insurance	USA

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED**NOTES TO FINANCIAL STATEMENTS****7 Share capital**

	2004 £m	2003 £m
Authorised : 1,000,000,000 ordinary shares of £1 each	1,000	1,000
Issued : 1 ordinary share of £1 fully paid	-	-

8 Movement in reserves

	Revaluation Reserve £m	Profit and loss £m
At 1 January 2004	(37.1)	(0.1)
Loss on revaluation of investments in subsidiary investments	(38.8)	-
Exchange gains on currency loans	22.2	-
Retained loss	-	(0.1)
At 31 December 2004	(53.7)	(0.2)

9 Holding company

Legal & General Overseas Operations Limited is exempt from the obligation to prepare and deliver group accounts as it is a wholly-owned subsidiary of Legal & General Group Plc, a company incorporated in England & Wales and the ultimate holding undertaking which consolidates the financial statements of the Company. These accounts therefore provide information about the Company as an individual undertaking. Copies of the accounts of the ultimate holding company, Legal & General Group Plc, are available at the Registered Office, Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

10 Exchange rates

Principal rates of exchange used for translation into sterling at the end of the year:

	2004	2003
United States Dollars	1.92	1.79

LEGAL & GENERAL OVERSEAS OPERATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

11 Cash flow statement

In accordance with FRS1 'Cash flow statements (Revised 1996)' the Company has not prepared a cashflow statement as the ultimate holding company, Legal & General Group Plc, has included a group cashflow statement within its accounts.

12 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 (FRS) 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.