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NATIONWIDE UNIT TRUST MANAGERS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 2008

NATIONWIDE UNIT TRUST MANAGERS LIMITED

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Registered office:
One Coleman Street
London EC2R 5AA

Registered in England and Wales No. 02022725

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements of Nationwide Unit Trust Managers Limited ("the Company") for the 9 month period ended 31 December 2008.

The company is a limited liability company domiciled in the UK.

Principal activities
The principal activity of the Company is that of a unit trust manager.

The Company is regulated by the Financial Services Authority.

Review of business and future developments
On 31 January 2008, the entire share capital of the Company was sold to Legal & General Retail Investments (Holdings) Limited ("LGRI"). On 5 February 2008, the business and certain trading assets of the Company were transferred to two fellow subsidiary companies of LGRI and the Company ceased trading on that date. It is not foreseen that the Company will resume trading in the future. It is the intention of the directors to recommend that the Company enter into a members' voluntary liquidation as soon as practicable.

The performance of LGRI, of which the Company is a wholly owned subsidiary, is discussed in LGRI's annual report which does not form part of this report.

The Company's year end date has been changed to 31 December in line with the rest of the Legal & General group. These accounts, therefore, cover the period from 1 April 2008 to 31 December 2008. The comparative amounts for the income statement, changes in equity, cash flow and related notes are thus not comparable.

Share capital
On 18 December 2008, the authorised share capital was reduced from £42m to £12m and the issued share capital was reduced from £32m to £2m following a special resolution to reduce the share capital supported by a solvency statement made by the Directors in accordance with Section 643 of the Companies Act 2006.

Result for the period and dividend
The results of the Company are set out on page 7. An interim dividend of £15m was paid on 29 December 2008. An interim dividend for the year ended 31 March 2008 of £3.6m was paid on 25 January 2008 to the then shareholder, Nationwide Building Society ("NBS"). The directors do not recommend a final dividend in respect of the period ended 31 December 2008.

Principal risks and uncertainties
Details of the Company's principal risks and uncertainties, financial instruments and the associated risk management policies can be found in Note 2 of these financial statements. In particular, the exposures to credit risk and liquidity risk are separately disclosed in that note. The exposure to cash flow risk is addressed under the headings of "Credit risk" and "Liquidity risk".

Key Performance Indicators (KPIs)
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Post balance sheet events
There have been no significant events since the balance sheet date.

DIRECTORS' REPORT

Directorate
The directors of the Company, who served during the period, are shown below:

C. R. R. Avery - Chairman
C. M. Radford
S. D. Thomas

Since 31 December 2008, the following changes to the directorate have been made:

C. R. R. Avery (Chairman) (Resigned 28 January 2009)
C. M. Radford (Resigned 1 March 2009)
M. J. Gregory (Appointed 20 March 2009)
S. J. Cartlidge (Appointed 25 March 2009)
M. B. Boardman (Appointed 25 March 2009)

Creditors
Legal & General Group Plc agrees terms and conditions for its business transactions with suppliers. Payment is made in accordance with these terms provided that the supplier meets its obligations. As at 31 December 2008, the average number of days of payments outstanding for the Legal & General Group of companies was 34 days (2007: 32 days).

Directors' insurance
Legal & General Group Plc maintains an appropriate level of Directors and Officers' liability insurance which is reviewed annually.

Environment
The Company operates in accordance with its parent company's Corporate Society Responsibility programme where one of the guiding principles of the programme requires the Company to minimise any negative impact on the environment arising from the Company's activities. The full details of this programme are described in Legal & General Group Plc's Annual Report which does not form part of this report.

United Kingdom Employees
Details of employee-related costs can be found in Note 7 to the financial statements. The Company has no direct employees.

Auditors
An elective resolution to dispense with the need to appoint auditors annually was passed by the Company's shareholders under the Companies Act 1985. The elective regime was abolished by the Companies Act 2006 and the transitional provisions relating to the reappointment of auditors permit the auditors to remain in office unless the Company resolves otherwise.

There is no requirement under the Companies Act of any of the Company's articles of association to hold an Annual General Meeting or lay the Company's report and accounts before shareholders.

NATIONWIDE UNIT TRUST MANAGERS LIMITED

DIRECTORS' REPORT

Statement of directors' responsibilities
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 (and applicable law). The financial statements are required by law to 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 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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.

Each of the directors in office, at the date the directors' report is approved, confirms that:

a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board

Andrew D Fairhurst

A. D. Fairhurst
Company Secretary
3 April 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NATIONWIDE UNIT TRUST MANAGERS LIMITED

We have audited the financial statements of Nationwide Unit Trust Managers Limited for the period ended 31 December 2008 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NATIONWIDE UNIT TRUST MANAGERS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of its profit and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
3 April 2009

NATIONWIDE UNIT TRUST MANAGERS LIMITED
INCOME STATEMENT

For the period ended 31 December 2008

	Note	**Period ended 31 December 2008** £000	**Year ended 31 March 2008** £000
Discontinued operations			
Revenue	4	-	30,666
Other operating income		59	5
Interest receivable and similar income	9	7	2,008
Administrative expenses	5	(33)	(20,845)
Operating profit before closure costs		33	11,834
Closure costs	6	-	(28,227)
Profit/(loss) on discontinued activities before tax		33	**(16,393)**
Tax (charge)/credit	10	(9)	4,917
Profit/(loss) for the period		24	**(11,476)**

All profit/(loss) for the period is attributable to equity holders of the Company.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

NATIONWIDE UNIT TRUST MANAGERS LIMITED
STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2008

	Note	Share capital £000	Profit and loss account £000	Total shareholder's funds £000
Balance at 1 April 2007		32,000	11,198	43,198
Loss for the financial year		-	(11,476)	(11,476)
Capital contribution received	17	-	13,827	13,827
Dividend paid	11	-	(10,600)	(10,600)
Balance at 31 March 2008		32,000	2,949	34,949
Profit for the period		-	24	24
Capital reduction	12	(30,000)	30,000	-
Dividend paid	11	-	(15,000)	(15,000)
Balance at 31 December 2008		**2,000**	**17,973**	**19,973**

NATIONWIDE UNIT TRUST MANAGERS LIMITED
BALANCE SHEET

For the period ended 31 December 2008

	Note	31 December 2008	31 March 2008
		£000	£000
Assets			
Current assets			
Trade and other receivables		-	437
Amounts owed by group undertakings	17	14,275	32,132
Other debtors		-	17
Corporation tax receivable		5,715	3,351
		19,990	35,937
Liabilities			
Current liabilities			
Trade and other payables		(17)	(83)
Accruals and deferred income		-	(905)
		(17)	(988)
Net current assets		19,973	34,949
Net assets		19,973	34,949
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	12	2,000	32,000
Retained earnings		17,973	2,949
Total equity		19,973	34,949

All assets and liabilities form part of a disposal group.

The notes form an integral part of these financial statements.

The financial statements were approved by the board of directors on 3 April 2009 and were signed on its behalf by:

SD Thomas
Director

SJ Cartlidge
Director

NATIONWIDE UNIT TRUST MANAGERS LIMITED
CASH FLOW STATEMENT

For the period ended 31 December 2008

	Note	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Cash flows from operating activities			
Cash from/(used by) operations	13	17,366	(1,710)
Interest received		7	2,008
Tax paid		(2,373)	(4,281)
Net cash inflows/(outflows) from operating activities		15,000	(3,983)
Cash flows from financing activities			
Dividends paid		(15,000)	(10,600)
Cash outflow on disposal of business		-	(32,388)
Net decrease in cash and cash equivalents		-	(46,971)
Cash and cash equivalents at start of period		-	46,971
Cash and cash equivalents at end of period		-	-

All cash flows arise from discontinued operations.

1 **Accounting policies**
The main accounting policies of the Company are as follows:

a) Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union ("IFRS") and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. -The financial statements have been prepared on a realisable value basis. As explained in the Directors Report on page 2, it is the current intention of the directors to enter the Company into members voluntary liquidation as quickly as practicable. Assets and liabilities have been stated at their realisable value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Certain new standards, amendments and interpretations to existing standards have been published which are mandatory for the Company's accounting periods beginning on or after 31 December 2008 or later periods but which the Company has not early adopted; as follows:

- Revised IAS 1, 'Presentation of financial statements' (effective from 1 January 2009). The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The Company considers that this amendment will have an immaterial impact on the financial statements.

- IFRS 8, 'Operating Segments' (effective from 1 January 2009). IFRS 8 introduces a new conceptual requirement that reportable segments should be formed on the same basis as is used internally by senior management for evaluating operating segment performance. The Company considers that this amendment will have an immaterial impact on the financial statements.

- Revised IAS 23, 'Borrowing costs' (effective from 1 January 2009). The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset with the removal of the option to immediately expense those costs. The Company considers that this amendment will have an immaterial impact on the financial statements.

- Revised IFRS 3, 'Business combinations' (effective from 1 July 2009). The standard continues to apply the acquisition method to business combinations, with some significant changes e.g. all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or may include goodwill related to the minority interest. All transaction costs will be expensed. The requirements of this standard will be considered for future business acquisitions.

- Revised IAS 27, 'Consolidated and Separate Financial Statements' (effective from 1 July 2009). This standard requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control. It also specifies the accounting when control is lost – any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Company does not prepare consolidated accounts and, therefore, the standard has no impact on the financial statements.

1 Accounting policies (continued)

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions' clarifies the appropriate accounting treatment for share-based payments in single entity financial statements. The interpretation is not expected to impact the financial statements of the Company.

b) Revenue recognition
Revenue consists of annual fees receivable for managing unit trusts. All turnover is generated in the United Kingdom. Income receivable is recognised on an accruals basis.

The Company has deferred all initial charges received from unitholders to create a Deferred Income Reserve (DIR) and recognises the revenue on a straight line basis over the estimated life of the product, this being 7 years based on a combination of trends in actual lapses experienced on the products and industry lapse trends. The Company ceased to apply initial charges on all products on 17 October 2004 and so this DIR relates to historic charges only.

c) Expenses
All expenses are accounted for on an accruals basis.

d) Interest income
Interest income is accounted for on an accruals basis.

e) Employee benefits
The majority of the Company's employees were members of the Nationwide Pension Fund, a defined benefit plan, prior to acquisition of the Company by LGRI on 31 January 2008. The employees have joined the Legal & General Group's Stakeholder Pension Scheme after the acquisition. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension costs charged in the Income Statement represent contributions payable by the Company to the scheme together with the administration charges of the scheme.

f) Dividend recognition
A dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company. Final dividends are accrued when approved by the Company's shareholders at the general meeting and interim dividends are recognised when paid.

g) Taxation
The charge for taxation is based on the result for the period adjusted for disallowable items. Deferred taxation is provided in full on all timing differences at the rate at which it is expected that the tax liability or benefit will arise. 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.

h) Receivables
All receivables are valued at cost with no provision made for non payment. The majority of the balances are receivable from the Trustee of the unit trusts and so no impairment is accounted for. The balances are reviewed on a regular basis to establish if a provision is required.

1 Accounting policies (continued)

i) Impairment

The Company reviews the carrying value of its assets at each balance sheet date. If the carrying value of a financial asset is impaired, the carrying value is reduced through a charge to the income statement. There must be objective evidence of impairment as a result of one or more events which have occurred after the initial recognition of the asset. Impairment is only recognised if the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

j) Payables

All payables are held at cost and are current.

2 Management of financial risk

Oversight of risk management is performed on behalf of the Board by the Legal & General Group Risk & Compliance Committee (GRCC). The GRCC is the senior management forum responsible for oversight of the Group Risk Framework. The GRCC is supported in this role by the following sub-committees involved with financial risk:

Group Capital Committee: The Group Capital Committee has oversight of the capital requirements (including the risk based capital requirements) of the Company and monitors the sources of capital available to meet these requirements.

Counterparty Credit Committee: The Committee has oversight of counterparty credit risk, sets the limits for the Company's exposure to any single counterparty failure and processes to manage exposures within these limits.

Investment and Market Risk Committee: The committee has oversight of the management of market and liquidity risks arising within the Company.

In addition, Risk & Compliance Committees (RCCs) are in place for the core business lines of the Company. The Committees are predominantly responsible for reviewing the management of operational risks and compliance with regulation. The RCCs report to the Company's Board and to the GRCC quarterly.

Credit risk

Credit risk is the risk of loss if another party fails to perform its financial obligations to the Company. The key risks affecting the Company are likely to be the failure of a third party to honour its obligations with respect to amounts due to the company.

The credit ratings of the financial assets are as follows:

	AAA	AA	A	Not rated
	£000	£000	£000	£000
At 31 December 2008				
Amounts owed by group undertakings	-	14,275	-	-
At 31 March 2008				
Trade and other receivables	394	4	-	39
Amounts owed by group undertakings	-	32,132	-	-

2 Management of financial risk (continued)

Statement of maximum exposure to credit risk

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Trade and other receivables	-	437
Amounts owed by group undertakings	14,275	32,132
Maximum exposure to credit risk	14,275	32,569

There is no collateral held as security against the above receivables.

Liquidity risk

Liquidity risk is the risk that the Company, although profitable, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The directors do not consider this to be a significant risk as the Company maintains a significant proportion of readily liquid assets to cover its liabilities as they fall due.

The following tables show the estimated timing of cash flows for financial assets and liabilities in the Company's balance sheet.

	Repayable on demand £000	Up to 3 months £000	Total £000
At 31 December 2008			
Financial assets			
Amounts owed by group undertakings	14,275	-	14,275
Financial liabilities			
Trade and other payables	(17)	-	(17)
Net liquidity gap	14,258	-	14,258
At 31 March 2008			
Financial assets			
Trade and other receivables	-	437	437
Amounts owed by group undertakings	32,132	-	32,132
Other debtors	-	17	17
	32,132	454	32,586
Financial liabilities			
Trade and other payables	-	(83)	(83)
Net liquidity gap	32,132	371	32,503

There are no financial assets that are past due but not impaired.

3 Disposal of business

As described in the Directors' Report, on 5 February 2008, the business and certain assets of the Company were transferred to two group companies. The remaining assets and liabilities are to be recovered or settled as they fall due. Accordingly, the entire business has been classified as discontinued. The following table shows the assets transferred and the consideration received:

	Year ended 31 March 2008 £000
Assets transferred:	
Trail commission deferred costs	61,260
Financial investments	490
Cash balances	32,388
Other debtors	101
Trail commission liability	(47,433)
Provisions	(13,827)
Net assets transferred	32,979
Consideration receivable	(32,979)
Gain on disposal	-

4 Revenue

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Annual management fees	-	29,728
Release of deferred income reserve	-	938
	-	30,666

5 Administrative expenses

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Wages and salaries	-	1,120
Social security costs	-	79
Pension costs – defined benefit scheme	-	337
Amortisation of intangible assets	-	8,981
Advertising and marketing	-	700
Fund management expenses	3	3,723
Dealing and registration fees	-	3,798
Provisions	-	2,046
Fair value adjustment to trail commission liability	-	(2,191)
Other administrative expenses	30	2,252
	33	20,845

The audit fee of the Company is borne by another group undertaking. In prior years other administrative expenses included auditors' remuneration and expenses in respect of statutory audit fees (31 March 2008: £23,000) and regulatory audit fees (31 March 2008: £15,000). Their remuneration in respect of other work amounted to nil (31 March 2008: nil).

6 Closure costs

Following the transfer of the business and operations on 5 February 2008, the deferred income reserve and the deferred origination cost asset were written off. The effects of these write offs on the balance sheet were as follows:

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Deferred origination cost	-	(29,405)
Deferred income reserve	-	1,178
	-	(28,227)
Tax effects of closure costs	-	5,750

7 Staff costs

The average number of persons employed by the Company during the period was as follows:

	Period ended 31 December 2008 number	Year ended 31 March 2008 number
Full time equivalent	-	54
	£000	£000
Wages and salaries	-	1,120
Social security costs	-	79
Other pension costs	-	337
	-	1,536

Until 31 January 2008, the company and its fellow subsidiary, Nationwide Life Limited, operated a joint management and administration structure. Relevant staff costs were charged to the extent that they were engaged on the activities of the Company. Staff numbers reflect the equivalent number of full time staff working for the Company.

Post 31 January 2008, the company had no direct employees.

8 Retirement benefit obligations

Up to the date of acquisition by LGRI, the Company's employees were members of the Nationwide Pension Fund, a defined benefit plan. For employees who joined the Nationwide Pension Plan before 31 December 2001, pension arrangements were based on their final salary. Pension arrangements for employees who joined the Nationwide Pension Fund after 31 December 2001 were based on a career average of revalued earnings.

The Nationwide Group did not charge the net defined benefit cost to its subsidiary undertakings that participated in the Nationwide Pension Fund. The Company's contributions were determined in accordance with the advice of the independent Actuary and agreed with the Nationwide Pension Fund Trustees. During the period, no contributions (year ended 31 March 2008: contributions of £337,000) were charged as expenses in respect of the Nationwide Pension Fund.

Since acquisition by LGRI, the contributions are no longer payable to the Nationwide Pension Fund by the Company. The Company is, therefore, not impacted by any surplus or deficit relating to the Nationwide Pension Fund.

The Company's employees are now employed by other companies within the Legal & General group and accordingly no pension contributions have been paid by the Company during the period.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2008

9 Interest receivable and similar income

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Interest on cash deposits	-	2,008
Interest on corporation tax overpayment in prior years	7	-
	7	2,008

10 Tax charge/(credit)

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Current tax		
Analysis of tax charge in the period:		
Current tax	9	(986)
Deferred tax	-	(3,932)
Adjustment in respect of prior period	-	1
	9	(4,917)

Factors affecting current tax charge for the period:
The tax assessed for the period is at the standard rate of corporation tax in the UK for a company of 28% (year ended 31 March 2008: higher than 30%). The differences are explained below:

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Profit/(loss) on discontinued activities before tax	33	(16,393)
Corporation tax at 28% (2007: 30%)	9	(4,918)
Effects of:		
Adjustment in respect of prior period	-	1
Total taxation	9	(4,917)

11 Dividends

	Per share 31 December 2008 p	Per share 31 March 2008 p	Total 31 December 2008 £000	Total 31 March 2008 £000
Prior year final dividend	-	21.88	-	7,000
Current year interim dividend	750.00	11.25	15,000	3,600
	750.00	33.13	15,000	10,600

12 Share capital

	31 December 2008 £000	31 March 2008 £000
Authorised: 12,000,000 (31 March 2008: 42,000,000) ordinary shares of £1 each	12,000	42,000
Allotted called up and fully paid: 2,000,000 (31 March 2008: 32,000,000) ordinary shares of £1 each	2,000	32,000

On 18 December 2008, a special resolution was passed by the Company's directors reducing the Company's authorised and issued share capital by cancelling 30,000,000 of its authorised and issued Ordinary Shares. The purpose of the reduction was to create a distributable reserve of £30,000,000, which could be used to pay dividends to the Company's sole shareholder.

13 Notes to the cash flow statement

Reconciliation of operating profit to net cash flow from operating activities:

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Cash flows from operating activities:		
Operating profit/(loss) before tax	33	(16,393)
Interest income	(7)	(2,008)
Increase in provisions	-	818
Decrease in deferred income reserve	-	(2,116)
Decrease in deferred origination costs	-	28,950
Increase in units held for sale	-	(60)
Decrease in trade and other receivables	18,311	6,318
Decrease in payables	(971)	(17,219)
Cash generated from/(used by) operations	17,366	(1,710)

14 Parent and ultimate controlling party

The Company is incorporated in England and Wales.

The immediate holding company is Legal & General Retail Investments (Holdings) Limited, a company incorporated in England and Wales. Legal & General Retail Investments (Holdings) 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 and Wales, the controlling party and ultimate holding undertaking which consolidates the financial statements of the Company. The 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, One Coleman Street, London, EC2R 5AA.

15 Compensation of key management personnel

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Aggregate directors' emoluments		
Fees to non-executive directors (note a)	-	9
Salaries and other short-term employee benefits (note b)	39	131
Post-employment benefits (note c)	5	31
Compensation for loss of office (note d)	-	94
	41	265

Note a

The fees for one former non-executive director were approved by the Nationwide Group Remuneration Committee prior to the acquisition by LGRI. These fees, which amounted to £9,000 in the year ended 31 March 2008, were paid by Nationwide Building Society and have not been recharged to the Company.

There are no non-executive directors on the Company's new Board and no fees have been paid to non-executive directors in the period.

Note b

Salaries and other short-term employee benefits relate to salaries, performance bonuses receivable, and amounts (excluding shares) receivable under long term incentive schemes.

Note c

During the period from 1 April 2007 to 31 January 2008, post-employment benefits accrued for two former directors under defined benefit pension schemes in respect of qualifying services. Since the acquisition of the Company by LGRI, retirement benefits are accruing to 2 directors (year ended 31 March 2008: 2) under the defined benefit pension scheme and 1 director (year ended 31 March 2008: 1) under the money purchase pension scheme. These benefits have been paid by other group companies and not recharged to the Company.

Note d

Compensation for loss of office was paid by a related entity within the Nationwide Group.

Prior to the acquisition, there were four directors who were employed by other companies within Nationwide Building Society and were remunerated by their parent company and for whom it was not possible to apportion emoluments received which related to their services to the Company. Similarly after the acquisition there are three directors who are employed by other companies within the Legal & General Group and are remunerated by the Legal & General Group and for whom it is not possible to apportion emoluments received which relate to their services to the Company.

16 Transactions with key management personnel and their close family members

Key management personnel and their close family members undertook the following transactions with the Company on normal business terms:

	31 December 2008		31 March 2008	
	Key management personnel	Amount	Key management personnel	Amount
	No.	£000	No.	£000
Investments				
Balances held at start of the period	-	-	2	76
Purchases during the period	-	-	-	-
Balances held at the period end (or date of resignation)	-	-	2	71

The Company received charges, fees and commissions of nil (period ended 31 March 2008: approximately £1,000) as a result of investments held by key management personnel and members of their close family. Investment contracts are entered into by key management personnel and members of their close family on normal market terms and conditions.

There have been no transactions undertaken by key management personnel and their close families after 1 February 2008.

17 Transactions with group companies

Prior to the acquisition by LGRI, the Company performed a number of transactions with its the parent, Nationwide Building Society, and its fellow subsidiary companies during the normal course of business.

Following the acquisition, the Company performed a number of transactions with its parent, LGRI, and fellow subsidiary companies during the normal course of business.

Detailed below are the major transactions between these companies:

Purchase and sale of financial assets

Until the acquisition of the business by LGRI, the Company sold units in unit trusts it manages to fellow subsidiary company, Nationwide Life Limited. The value of the units sold in the period was nil (year ended 31 March 2008: £1,092,000). At 31 December 2008 and 31 March 2008, no amounts were payable in relation to these sales. The Company rebated all of the annual management charge payable by Nationwide Life Limited on units it holds in the L&G (N) Balanced Trust. In the period this amounted to nil (year ended 31 March 2008: £921,000).

Purchase of services – period from 1 April 2007 to 31 January 2008
The Company paid commission of 3.45% on all sales of ISAs and Unit Trusts made by Senior Financial Consultants employed by Nationwide Building Society and also incurred a recharge for services provided by Nationwide Building Society including technology support, rent and stationery as shown below:

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Property costs and service	-	199
Office running costs	-	39
Mailing services	-	34
Technology support	-	231
Fixed assets*	-	20
Commission	-	6,695

At 31 December 2008, nil (31 March 2008: £139,000) was payable in relation to these services.

* Fixed assets were purchased and managed by Nationwide Building Society and held on its balance sheet. The depreciation charge associated with these assets was transferred to the Company in the form of a management charge for the period from 1 April 2007 to 31 January 2008.

Prior to the acquisition of the Company by LGRI, there existed a shared management structure which encompassed Nationwide Life Limited and NUTM. Overhead costs relating to the group were allocated between the two companies. At 31 December 2008, nil (31 March 2008: £93,000) was owed by Nationwide Life Limited to NUTM for these services.

Capital contribution
On 24 December 2007, an agreement was signed between Nationwide Building Society ("NBS") and the Company which stated that NBS would reimburse the Company for the cost of loyalty payments to customers as they fell due. This constitutes an in-kind capital contribution from NBS acting in its capacity as an equity holder. In accordance with IAS1, this transaction has been shown as a capital contribution from the parent company of £13,827,000.

Purchase of services – period from 1 February
The Company incurred recharges for services provided by fellow subsidiary undertakings for the period from 1 February 2008, as follows:

	Period ended 31 December 2008 £000	Year ended 31 March 2008 £000
Staff costs	-	6
Dealing and registration fees	-	67
Other administrative expenses	58	9

At 31 December 2008, £140,000 (31 March 2008: £82,000) was payable in relation to these services.

Deposits held with a group company
During the period from 1 April 2007 to 31 January 2008, NBS held cash balances on behalf of the Company and paid interest to the Company at a rate of one month Libor. Interest received during the year ended 31 March 2008 amounted to £1,867,000. No interest was received during the period ended 31 December 2008.

Following the acquisition by LGRI on 31 January 2008 and the disposal of the Company's business on 5 February 2008 (see below), responsibility for all bank accounts and cash balances was transferred to a fellow subsidiary undertaking of LGRI. The balance transferred was £32,388,000.

Other payables and receivables
During the period from 1 April 2007 to 31 January 2008, Nationwide Building Society paid all invoices on behalf of the Company. The balance owing at 31 January 2008 was nil.

From 1 February 2008, fellow subsidiaries of LGRI paid all invoices and received income on behalf of the Company. The balance due to these companies at 31 December 2008 was £3,565,000 (31 March 2008: £859,000).

Disposal of business
As shown in note 3 above, the business and certain assets of the Company were transferred to fellow subsidiary undertakings at 5 February 2008.

The overall balance with Group companies (which includes bank accounts referred to above) at 31 December 2008 was £14,275,000 (31 March 2008: £32,132,000) due to the Company.