

2190427.

LEGAL & GENERAL MORTGAGE SERVICES LIMITED.

REPORT & ACCOUNTS 1988

COMPANIES NOTICE

07 JUN 1989

M

LEGAL & GENERAL MORTGAGE SERVICES LIMITED

DIRECTORS:

E.A. TILLY (CHAIRMAN)  
F. K. DESMOND  
N.R. WALTON  
J.D. WHORWOOD

SECRETARY:

T.A.F. SMITH A.C.I.S.

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

Registered in England No: 2190427

## REPORT OF THE DIRECTORS

The directors submit their first annual report together with audited financial statements of the Company for the period from 10 November 1987 to 31 December 1988. The Company was incorporated as Trushelfco (No. 1183) Limited on 10 November 1987 and changed its name to Legal & General Mortgage Services Limited on 5 February 1988.

### Principal activity

The principal activity of the company throughout the year was the investment in mortgage loans secured on residential properties within England and Wales.

### Result for the period and dividend

The loss for the period before taxation amounted to £812,088 after charging expenses of £919,085 of which a substantial amount related to the pre-trading period. This will be transferred to reserves. The Directors do not recommend the payment of a dividend.

### Share capital

At the date of incorporation the Company had a nominal share capital of £100 divided into 100 ordinary shares of £1.00 each.

At an Extraordinary General Meeting held on 8 September 1988 the authorised share capital of the Company was increased to £10,000,000 by the creation of 9,999,900 ordinary shares of £1.00 each. At the same date 2,999,900 ordinary shares were issued to Legal & General Group Plc.

### Directorate

Messrs. T.G.M. Buckley and G.W. James were the first directors of the Company and resigned on 25 January 1988. Messrs. J.K. Elbourne, A.J. Hobson and N.R. Walton were appointed directors on 25 January 1988. Messrs. J.K. Elbourne and A.J. Hobson resigned as directors of the Company on 27 September 1988 and 16 March 1988, respectively. Mr J.D. Whorwood was appointed a director of the Company on 16 March 1988. Mr E.A. Tilly was appointed a director on 27 September 1988. Mr F.K. Desmond was appointed a director of the Company on 1 January 1989.

No director had any interest in the shares of the Company during the period covered by this report or at 31 December 1988.

According to the Register of Directors' Share Interests kept by the Company, the following persons who were directors of the Company on 31 December 1988 had, at the respective dates shown, the following interests within the meaning of the Companies Act 1985 in shares of 25p each in the Company's holding Company Legal & General Group Plc:

|               | <u>As at</u><br><u>10 November 1987 *</u> | <u>As at</u><br><u>31 December 1988</u> |
|---------------|---|---|
| E.A. Tilly    | 29,525                                    | 29,525                                  |
| N.R. Walton   | -   | -                                       |
| J.D. Whorwood | -   | -                                       |

\* As at date of appointment, if later.

In addition, under Legal & General Group Plc share option schemes, the following directors had options outstanding to subscribe for shares of 25p each as follows:


|               | <u>As at</u><br><u>1 January 1988 *</u> | <u>As at</u><br><u>31 December 1988</u> |
|---------------|---|---|
| E.A. Tilly    | 28,800                                  | 28,800                                  |
| N.R. Walton   | -                                       | 15,000                                  |
| J.D. Whorwood | 15,000                                  | 15,000                                  |

\* As at date of appointment, if later.

#### Auditors

A resolution to re-appoint Price Waterhouse, who have expressed their willingness to be re-appointed, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

  
T.A.F. SMITH  
SECRETARY

13 MARCH 1989

REPORT OF THE AUDITORS

TO THE MEMBERS OF LEGAL & GENERAL MORTGAGE SERVICES  
LIMITED.

We have audited the financial statements on pages 6 to 10  
in accordance with approved Auditing Standards.

In our opinion, the financial statements give a true and  
fair view of the state of affairs of the company at 31st  
December 1988 and of the loss for the period then ended,  
and comply with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
London

13 MARCH 1989

LEGAL & GENERAL MORTGAGE SERVICES LTD.

PROFIT & LOSS ACCOUNT

FOR PERIOD ENDED 31 DECEMBER 1988

|  | Note | £                       |
|--|------|-------------------------|
| Interest receivable                            |      | 99,080                  |
| Other income                                   |      | <u>7,917</u>            |
|  |      | 106,997                 |
| Less: Operating expenses                       |      | <u>919,085</u>          |
| Loss on ordinary activities<br>before taxation | 2    | (812,088)               |
| Taxation                                       | 4    | <u>284,231</u>          |
| Loss for year                                  |      | <u><u>(527,857)</u></u> |

LEGAL & GENERAL MORTGAGE SERVICES LTD.

BALANCE SHEET

ON 31 DECEMBER 1988

Note

|                                       |   |                  |                         |
|---------------------------------------|---|------------------|-------------------------|
| Fixed assets                          |   | £                | £                       |
| Long term mortgage advances           | 5 |                  | 958,805                 |
| Current assets                        |   |                  |                         |
| Debtors                               | 6 | 1,857,205        |                         |
| Cash at bank                          |   | 23,869           |                         |
|                                       |   | <u>1,881,074</u> |                         |
| Creditors                             |   |                  |                         |
| Amounts falling due within one year   | 7 | <u>367,736</u>   |                         |
| Net current assets                    |   |                  | 1,513,338               |
| Total assets less current liabilities |   |                  | <u><u>2,472,143</u></u> |
| Capital & reserves                    |   |                  |                         |
| Called up share capital               | 8 |                  | 3,000,000               |
| Profit & loss account                 |   |                  | (527,857)               |
|                                       |   |                  | <u><u>2,472,143</u></u> |

Director:

*NR Walker*

Date: 13 March 1989

Director:

*W. H. H. H.*

Date: 13 March 1989

LEGAL & GENERAL MORTGAGE SERVICES LIMITED

Notes to the Financial Statements

1. Principal Accounting Policies

Accounting convention

The accounts are prepared under the historical cost convention.

Income recognition

Arrangement fees receivable are credited to income on completion of the relevant mortgage advance. Interest receivable and insurance commissions are accounted for on an accruals basis.

Mortgage advances

Mortgage loans are shown at cost less any provision for anticipated specific losses.

Interest receivable is not recognised on loans which are either:

- (i) more than six months in arrears, or
- (ii) collection is considered doubtful.

Deferred taxation

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

2. Loss on ordinary activities before tax

Included in the operating expenses were:-

Auditors' remuneration

£  
3,000



3. Directors' and employees' emoluments

|                       |         |
|-----------------------|---------|
| Directors' emoluments | £       |
|                       | 266,319 |

Directors and employees earning over £30,000, excluding pension contributions.

| £               | Directors | Employees |
|-----------------|-----------|-----------|
| 40,000 - 45,000 | -         | 1         |
| 45,000 - 50,000 | -         | 1         |
| 60,000 - 65,000 | 1         | -         |
| 65,000 - 70,000 | 1         | -         |
| 90,000 - 95,000 | 1         | -         |

4. Directors' and officers' loans

Details of loans granted to directors are shown below. All loans are repayable on three months' notice, are secured on individual houses and life assurance policies and are similar to those which apply to staff.

|           | At date of<br>appointment | At 31<br>Dec<br>1988 | Maximum loan<br>during period | Rate<br>% |
|-----------|---------------------------|----------------------|-------------------------------|-----------|
|           | £                         | £                    | £                             |           |
| E A TILLY | 603                       | 603                  | 603                           | 7-8       |

As at 31 December 1988 there was a loan outstanding amounting to £50,000 made to an officer of the Company.

5. Taxation

|                                    |         |
|------------------------------------|---------|
| Corporation tax recoverable at 35% | £       |
|                                    | 284,231 |

6. Long term mortgage advances

|                                    |                |
|------------------------------------|----------------|
| Cost of advances                   | £              |
| Less provision for specific losses | 958,805        |
|                                    | -              |
|                                    | <u>958,805</u> |

7. Debtors

|                                  |           |
|----------------------------------|-----------|
|                                  | £         |
| Amounts due from group companies | 1,769,783 |
| Prepayments                      | 87,422    |
|                                  | <hr/>     |
|                                  | 1,857,205 |

8. Creditors : amounts falling due within one year

|                                |         |
|--------------------------------|---------|
|                                | £       |
| Mortgage Retentions            | 5,500   |
| Amounts due to Group Companies | 346,022 |
| Other creditors                | 16,214  |
|                                | <hr/>   |
|                                | 367,736 |

9. Share capital

Authorised

10,000,000 Ordinary Shares of £1

Issued and fully paid

3,000,000 Ordinary Shares of £1

10. Financial commitments

As at 31 December 1988 the company had issued offers to make loans totalling £1,054,065.

Under a mortgage servicing contract the company is committed to a minimum processing charge of £175,000 over 24 months from launch date.

11. Holding company

The holding company is Legal & General Group Plc which is incorporated in England.