LLOYDS TSB BANK INSURANCE BROKERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Registered Number

796152

Registered Office

25 Gresham Street
London
EC2V 7HN

Directors

D J Parfitt
S N Townsend

Company Secretary

R A Connor

Member of Lloyds Banking Group

REPORT OF THE DIRECTORS for the year ended 31 December 2009

Business review and principal activities

Lloyds TSB Bank Insurance Brokers Limited ("the Company") is incorporated and resident in England and Wales (registered number 796152)

During 2007, all of the business was assumed by Lloyds TSB Bank plc, the Company's immediate parent company Consequently, the Company ceased trading at the end of 2007

There was no profit or loss after tax for the year ended 31 December 2009 (2008 £nil) as set out in the statement of comprehensive income on page 6

Principal risks and uncertainties

As the Company has ceased trading and has no amounts due from third parties, the directors do not consider that there are significant risks or uncertainties

Key performance indicators ('KPIs')

As the Company is no longer trading, the directors are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Policy and practice on payment of suppliers

The company follows "The Better Payment Practice Code" published by the Department for Business Innovation and Skills (BIS) regarding the making of payments to suppliers A copy of the code and information about it may be obtained from the BIS Publications Order Line 0845-0150-010 quoting ref URN 04/606

The Company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract

As the Company owed no amounts to trade creditors as at 31 December 2009, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil (2008 nil)

Dividends

The directors have not proposed a dividend in respect of 2009 (2008 £nil) Dividends of £850,000 were paid during 2009 (2008 £nil) comprising £400,000 in respect of 2007 and £450,000 in respect of 2006

Directors

The names of the current directors of the Company, are shown on page 1

There have been no changes to directors during the year or since the year end

REPORT OF THE DIRECTORS for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' 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 (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRS) as adopted by the European Union 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Auditors and disclosure of information to auditors

Each director in office at the date of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006

By order of the Board

R A Connor
Company Secretary
28 June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB BANK INSURANCE BROKERS LIMITED

We have audited the financial statements of Lloyds TSB Bank Insurance Brokers Limited for the year ended 31 December 2009 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its result and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB BANK INSURANCE BROKERS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Craig Gentle (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

31 Great George Street
Bristol
BS1 5QD
28 June 2010

Statement of comprehensive income
for the year ended 31 December 2009

	Note	**2009** **£'000**	2008 £'000
Interest and similar income	5	-	106
Interest and similar expense	5	-	(106)
Profit before tax		-	-
Taxation		-	-
Profit after tax, being total comprehensive income		-	-

The accompanying notes 1 to 11 are an integral part of these financial statements

Balance sheet
as at 31 December 2009

	Note	**2009 £'000**	2008 £'000
Current assets			
Cash and cash equivalents	6	1,623	2,521
Amounts due from group undertakings	9	47	-
Total assets		1,670	2,521
Current liabilities			
Current payables	7	4	4
Amounts due to group undertakings	9	-	1
Total liabilities		4	5
Net assets		1,666	2,516
Equity			
Share capital	8	1,600	1,600
Retained earnings		66	916
Total shareholder's equity		1,666	2,516

The financial statements on pages 6 to 14 were approved by the board of directors on 28 June 2010 and signed on its behalf by

D J Parfitt
Director

The accompanying notes 1 to 11 are an integral part of these financial statements

Statement of changes in equity
for the year ended 31 December 2009

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2008, 31 December 2008 and 1 January 2009	1,600	916	2,516
Dividends paid	-	(850)	(850)
Balance at 31 December 2009	1,600	66	1,666

The accompanying notes 1 to 11 are an integral part of these financial statements

Cash flow statement
for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash used in operations	10	(48)	(52)
Tax received		-	96
Tax paid		-	(216)
Net cash used in operating activities		(48)	(172)
Cash flows from investing activities			
Interest received		-	106
Interest paid		-	(59)
Net cash generated from investing activities		-	47
Cash flows from financing activities			
Dividends paid		(850)	-
Net cash used in financing activities		(850)	-
Net decrease in cash and cash equivalents		(898)	(125)
Cash and cash equivalents at beginning of year		2,521	2,646
Cash and cash equivalents at end of year		1,623	2,521

The accompanying notes 1 to 11 are an integral part of these financial statements

Notes to the financial statements for the year ended 31 December 2009

1. Accounting policies

Basis of preparation

These financial statements have been prepared using applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union

The financial statements have been prepared on a going concern basis and under the historical cost convention

The following IFRS pronouncement relevant to the Company has been adopted in the financial statements

IAS 1 (revised) "Presentation of financial statements"
The revised standard prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity All non-owner changes in equity are required to be shown in a performance statement Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income) The Company has elected to present one statement, a statement of comprehensive income The financial statements have been prepared under the revised disclosure requirements, the application of this revised standard, which affects presentation only, has not had any impact for amounts recognised in these financial statements

Details of those IFRS pronouncements which will be relevant to the Company but which were not effective at 31 December 2009 and which have not been applied in preparing these financial statements are given in note 11

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below The policies have been consistently applied to all the years presented, unless otherwise stated

There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements

a) Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise

b) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are paid

c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and amounts due from banks with a maturity of less than three months

d) Measurement basis of assets and liabilities

All assets and liabilities are held at amortised cost

Notes to the financial statements for the year ended 31 December 2009 (continued)

2. Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and, indirectly, to support the Lloyds Banking Group's regulatory capital requirements

The Company's parent company manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes to economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the board may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets

The Company's capital comprises all components of equity, movements in which appear in the statement of changes in equity on page 8 The Company received most of its funding requirements from its parent and does not raise funding externally

3. Financial risk management

The directors are responsible for establishing a framework for evaluating, measuring, monitoring and controlling risk They are responsible for ensuring that the risks within the business are identified, assessed, monitored and controlled These controls and procedures where relevant comply with Lloyds Banking Group policies and standards

a) Credit risk

Credit risk is the risk that a counterparty fails to meet its obligations when they fall due The maximum credit risk exposure of the Company in the event of other parties failing to fulfil their obligations is considered to be the balance sheet carrying amount of current assets, totalling £1,670,000 (2008 £2,521,000) The Company's financial assets have no amounts past due or impaired (2008 nil), and are considered to be of high credit quality

b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due To manage this risk, a stock of liquid assets is maintained and extensive borrowing facilities are available from within the Lloyds Banking Group Internal liquidity limits are set, against which the Company's liquidity position is measured and reported on a regular basis The table below shows the remaining contractual maturities for financial liabilities, based upon the cash flows payable within the given period from the balance sheet date

At 31 December 2009	Up to 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Current payables	4	-	-	-	-	4
Amounts due to group undertakings	-	-	-	-	-	-
Total financial liabilities	**4**	**-**	**-**	**-**	**-**	**4**

At 31 December 2008	Up to 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Current payables	4	-	-	-	-	4
Amounts due to group undertakings	1	-	-	-	-	1
Total financial liabilities	**5**	**-**	**-**	**-**	**-**	**5**

Notes to the financial statements for the year ended 31 December 2009 (continued)

3. Financial risk management (continued)

c) Interest rate risk

Interest rate risk is the risk of financial loss as the result of adverse movements in interest rates, and arises largely because of timing differences between the re-pricing of financial assets and liabilities The Company has transferred its exposure to changes in interest rates to Lloyds TSB Bank plc, the intermediate parent company, and does not retain any significant exposure in relation to those market risks transferred Accordingly, no quantitative analysis of the risk is presented The Company has no material exposure to any other interest rate risks

d) Geographical and sector concentrations of risk

The Company operates exclusively in the UK and has no significant geographical or sector risk concentration

4. Operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £1,575 (2008 £1,575) was borne by Lloyds TSB Bank plc

The Company has no employees (2008 nil)

Directors' emoluments
No remuneration was paid or is payable by the Company to the directors (2008 £nil) The directors are employed by other companies in the Lloyds Banking Group and consider that their services to this Company are incidental to their other activities within the Group

5. Net interest income

	2009	2008
	£'000	£'000
Interest and similar income		
Amounts earned from parent company	-	106
Interest and similar expense		
Amounts charged by parent company	-	(106)
Net interest income	-	-

6. Cash and cash equivalents

Cash at bank is placed on deposit at commercial rates of interest with the immediate parent company The fair value of cash and cash equivalents is equal to their carrying amounts

7. Current payables

Current payables are non-interest bearing and their fair values are equal to their carrying amounts

Notes to the financial statements for the year ended 31 December 2009 (continued)

8. Share capital

	2009 £'000	2008 £'000
Authorised		
2,500,000 ordinary shares of £1 each	2,500	2,500

	2009 £'000	2008 £'000
Issued and fully paid		
1,600,000 ordinary shares of £1 each	1,600	1,600

9. Related party transactions

The Company's immediate parent company is Lloyds TSB Bank plc The Company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc, a limited liability company incorporated and resident in Scotland, which is also the parent company of the largest group of companies for which group accounts are drawn up and of which the Company is a member Lloyds TSB Bank plc is the parent undertaking of the smallest such group of companies Copies of the accounts of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN

The Company's related parties include the ultimate and immediate parent companies, other companies in the Lloyds Banking Group, pension schemes of the Company's ultimate parent company and the Company's key management personnel Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's directors, and members of the Lloyds Banking Group plc board

(a) ***Transactions with key management personnel***

There were no transactions between the Company and key management personnel during the current or preceding year Key management personnel are employed by other companies in the Lloyds Banking Group and consider that their services to the Company are incidental to their other activities within the Group

(b) ***Amounts due to/(from) group undertakings***

	Parent companies 2009 £'000	Parent companies 2008 £'000
At 1 January	1	12
Advances received during the year	-	338
Interest income	-	106
Taxation paid	-	(289)
Repayments during the year	(48)	(166)
At 31 December	(47)	1
Representing		
Lloyds TSB Bank plc	(47)	1

Amounts due to group undertakings are repayable on demand and are non-interest bearing The fair value of amounts owed to group undertakings is equal to their carrying amounts

Notes to the financial statements for the year ended 31 December 2009 (continued)

10. Reconciliation of profit before tax to cash used in operations

	2009 £'000	2008 £'000
Profit before tax	-	-
Adjustments for		
Interest income	-	(106)
Interest expense	-	106
Changes in working capital		
Decrease in current receivables	-	5
Decrease in current payables	-	(46)
Increase in amounts due from group undertakings	(47)	-
Decrease in amounts due to group undertakings	(1)	(11)
Cash used in operations	(48)	(52)

11. Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 December 2009 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
Improvements to IFRSs (issued April 2009)	Sets out minor amendments to IFRS standards as part of annual improvements process	Dealt with on a standard by standard basis but not earlier than annual periods beginning on or after 1 January 2010
IAS24 Related Party Disclosures	Simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities	Annual periods beginning on or after 1 January 2011

The full impact of these pronouncements is being assessed by the Company However, the initial view is that none of these pronouncements are expected to cause any material adjustments to the reported numbers in the financial statements