

LLOYDS TSB LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

AND

ACCOUNTS

31 DECEMBER 2000



Member of Lloyds TSB Group

Lloyds TSB Life Assurance Company Limited
Report and Accounts for the Year Ended 31 December 2

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Company Information

Board of Directors

I D Thompson
M R Poulding
M L Sykes

Secretary

A F Fletcher

Reporting Actuary

M R Poulding

Auditors

PricewaterhouseCoopers
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Registered Office

71 Lombard Street
London
EC3P 3BS

Company Registration Number

1132760

Lloyds TSB Life Assurance Company Limited
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Directors' Report

Principal Activity and Review of Business

The principal activity of Lloyds TSB Life Assurance Company Limited ("the Company") is to transact ordinary long term life assurance, pension business and permanent health insurance.

With effect from 6 March 2000, the Company no longer sold its principal long term life assurance or pension business products.

Results and Dividend

The result for the year ended 31 December 2000 is a profit of £170,840,000 (1999 : loss £16,544,000) and has been transferred to reserves. The Directors do not recommend the payment of any dividend for the period.

Directors

The names of the current Directors are listed on page 2. The Directors who held office during the period are:

C M Wiscarson	(resigned 03.03.2000)
C G Thomson	(appointed 27.04.2000, resigned 31.12.2000)
R J Spragg	(resigned 31.12.2000)
I D Thompson	
G Pigott	(resigned 04.10.2000)
D S Gorski	(resigned 04.02.2000)
T J Jones	(resigned 04.10.2000)
D J Stacey	(resigned 04.02.2000)
M R Poulding	(appointed 01.01.2001)
M L Sykes	(appointed 01.01.2001)

Particulars of the Directors' emoluments and interests in shares are given in note 8 to the accounts.

Employees

The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees irrespective of sex, race, national origin, religion, colour, disability or marital status.

In the UK, the Company, as part of the Lloyds TSB Group, supports Opportunity Now and Race for Opportunity, campaigns to improve opportunities for women and ethnic minorities in the work place. The Group is a member of the Employers' Forum on Disability in support of employment of people with disabilities. This recognises the need for ensuring fair employment practices in recruitment and selection, and the retention and career development of disabled staff.

Employees are kept closely involved in major changes affecting them through such measures as team meetings, briefings, internal communications and opinion surveys. There are well established procedures, including regular meetings with recognised unions to ensure that the views of employees are taken into account in reaching decisions.

Profit sharing and share option schemes are available for most staff, to encourage their financial involvement in the Group.

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Directors' Report (continued)

Euro

The Company has reviewed the implications of potential UK entry into the European single currency, and has concluded that the impact on the Company is currently minimal. This situation will continue to be reviewed in light of future Government developments.

Policy and practice of payment of creditors

The Company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the Department of Trade and Industry, No.1 Victoria Street, London, SW1H 0ET.

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.

The number of days to be shown in this report, to comply with the provisions of the Companies Act 1985, is 23. This bears the same proportion to the number of days in the year as the aggregate of the amounts owed to trade creditors at 31 December 2000 bears to the aggregate of the amounts invoiced by suppliers during the year.

Auditors

The Company has dispensed with the requirement to re-appoint auditors on an annual basis pursuant to Section 379A of the Companies Act 1985. Annually, PricewaterhouseCoopers will be automatically re-appointed as auditors pursuant to Section 386 of the Companies Act 1985. PricewaterhouseCoopers have indicated their willingness to continue in office.

On behalf of the Board of Directors



A F Fletcher
Company secretary

23 March 2001

Lloyds TSB Life Assurance Company Limited
Report and Accounts for the Year Ended 31 December 2000

Statement of Directors' Responsibilities

Company law requires the Directors to have accounts prepared 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. In preparing those accounts 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Lloyds TSB Life Assurance Company Limited
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Report of the Auditors
To the Members of Lloyds TSB Life Assurance Company Limited

We have audited the accounts on pages 7 to 25.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practice Board, and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, 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.

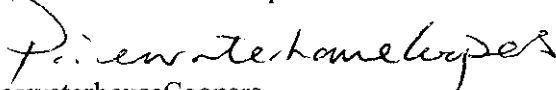
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh
23 March 2001

Lloyds TSB Life Assurance Company Limited
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Technical account - long term business for the year ended 31 December 2000

		2000	1999
	Note	£000	£000
Earned premiums, net of reinsurance			
Gross premiums written	3	699,590	1,141,621
Outward reinsurance premiums		<u>(12,199)</u>	<u>(7,776)</u>
		687,391	1,133,845
Investment income	4	1,063,012	1,391,232
Unrealised gains on investments	4	-	481,456
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(1,505,805)	(1,818,022)
Reinsurers' share		<u>14,032</u>	<u>664,815</u>
		<u>(1,491,773)</u>	<u>(1,153,207)</u>
Change in the provision for claims			
Gross amount		9,564	(8,152)
Reinsurers' share		<u>(1,617)</u>	<u>(9,345)</u>
		<u>7,947</u>	<u>(17,497)</u>
Net claims incurred		(1,483,826)	(1,170,704)
Change in other technical provisions, net of reinsurance			
Long term business provision, net of reinsurance			
Gross amount		127,216	9,402
Reinsurers' share		<u>(1,936)</u>	<u>4,739</u>
		125,280	14,141
Other technical provisions, net of reinsurance			
Technical provisions for linked liabilities		<u>1,368,519</u>	<u>(1,524,844)</u>
		1,493,799	(1,510,703)
Net operating expenses	5	(90,830)	(151,865)
Investment expenses and charges	4	(116,430)	(96,456)
Unrealised losses on investments	4	(1,310,282)	-
Tax attributable to the long term business	9	(79,612)	(94,769)
Transfers from / (to) the fund for future appropriations		<u>1,364</u>	<u>(1,947)</u>
Balance on the technical account - long term business		<u>164,586</u>	<u>(19,911)</u>

All recognised gains and losses relevant to the Technical Account are dealt with above and all operations are continuing.

The accounting policies on pages 11 to 13 and the notes on pages 14 to 25 form an integral part of these accounts.

Lloyds TSB Life Assurance Company Limited
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Non-technical Account for the year ended 31 December 2000

		2000	1999
	Note	£000	£000
Balance on the long term business technical account		164,586	(19,911)
Tax credit attributable to balance on the long term business technical account	9	70,537	-
		<hr/>	<hr/>
Shareholder's pre-tax profit / (loss) from long term business		235,123	(19,911)
Investment income	4	8,934	4,827
Profit / (loss) on ordinary activities before tax	6	244,057	(15,084)
Tax on profit / (loss) on ordinary activities	9	(73,217)	(1,460)
Profit / (loss) on ordinary activities after tax		170,840	(16,544)
Retained profit / (loss) for the financial year		170,840	(16,544)

All recognised gains and losses relevant to the Non-technical Account are dealt with above and all operations are continuing.

The accounting policies on pages 11 to 13 and the notes on pages 14 to 25 form an integral part of these accounts.

Lloyds TSB Life Assurance Company Limited
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Balance Sheet as at 31 December 2000

		2000		1999	
	Note	£000	£000	£000	£000
ASSETS					
Investments					
Land and buildings	10(a)		230		230
Other financial investments	10(b)		1,903,548		1,988,406
Assets held to cover linked liabilities					
	11		9,731,326		11,099,845
Reinsurers' share of technical provisions					
Long term business provision	18(b)	27,375		29,311	
Claims outstanding	18(b)	1,883		3,500	
Technical provisions for linked liabilities	18(b)	20,651		30,407	
			49,909		63,218
Debtors					
Direct insurance operations	12	10,803		14,744	
Other debtors	13	18,378		26,779	
			29,181		41,523
Other assets					
Tangible assets	14	17,526		16,508	
Cash at bank and in hand		-		2	
			17,526		16,510
Prepayments and accrued income					
Accrued interest and rent		61,599		81,102	
Deferred acquisition costs		88,704		100,394	
Other prepayments and accrued income		383		955	
			150,686		182,451
Total Assets			11,882,406		13,392,183

The accounting policies on pages 11 to 13 and the notes on pages 14 to 25 form an integral part of these accounts.

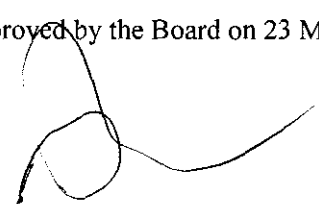
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Balance Sheet as at 31 December 2000

		2000		1999	
	Note	£000	£000	£000	£000
LIABILITIES					
Capital and reserves					
Called up share capital	15	16,000		16,000	
Other reserves	16	44,000		44,000	
Profit and loss account	16	<u>449,967</u>		<u>279,127</u>	
Shareholder's funds - equity interests	17		509,967		339,127
Fund for future appropriations			7,687		9,051
Technical provisions					
Long term business provision	18(a)/19	1,320,326		1,447,542	
Claims outstanding	18(a)	<u>60,483</u>		<u>70,047</u>	
			1,380,809		1,517,589
Technical provisions for linked liabilities	18(a)		9,751,977		11,130,252
Provisions for other risks and charges	20		27,027		36,660
Creditors					
Creditors arising out of direct insurance operations		-		4,359	
Other creditors including taxation and social security	21	<u>190,090</u>		<u>336,344</u>	
			190,090		340,703
Accruals and deferred income			14,849		18,801
Total Liabilities			<u><u>11,882,406</u></u>		<u><u>13,392,183</u></u>

The accounting policies on pages 11 to 13 and the notes on pages 14 to 25 form an integral part of these accounts.

Approved by the Board on 23 March 2001


I D Thompson
Director

Lloyds TSB Life Assurance Company Limited
Report and Accounts for the Year Ended 31 December 2000

Notes to the Accounts

1. Basis of preparation

The accounts have been prepared in accordance with section 255 and Schedule 9A of the Companies Act 1985 which covers the disclosures applicable to insurance companies. The accounts are prepared in accordance with applicable accounting standards and with the recommendations of the Association of British Insurers' Statement of Recommended Practice (SORP) on Accounting for Insurance Business issued in December 1998.

The true and fair override provisions of the Companies Act 1985 have been invoked in respect of investment properties. Under the Companies Act 1985, land and buildings are required to be depreciated over their expected useful economic lives. In respect of investment properties, this requirement conflicts with the generally accepted accounting principle set out in Statement of Standard Accounting Practice 19 (SSAP 19), that no depreciation should be provided in respect of such investments. The Directors consider that to depreciate investment properties would not give a true and fair view and accordingly the provisions of SSAP 19 have been adopted. Depreciation is only one of the factors reflected in the annual valuations and the amounts which might otherwise have been shown cannot reasonably be separately identified and quantified.

2. Accounting policies

a) Premiums

Premiums earned are accounted for in the year in which they fall due.

b) Investment income

Investment income is included on an accruals basis. UK dividend income is stated at net amount received.

c) Realised gains and losses on investments

Realised gains and losses on investments are calculated as the difference between net sales proceeds and the original costs.

d) Unrealised gains and losses on investments

Unrealised gains and losses on investments are calculated as the difference between the carrying valuation of investments at the Balance Sheet date and the original cost. Movements in unrealised gains and losses on investments arising in the year are shown in the Technical Account.

e) Claims incurred

Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. Claims payable include direct costs of settlement. Reinsurance recoveries are accounted for in the same period as their related claims.

Notes to the Accounts (continued)

f) Deferred acquisition costs

The costs of acquiring new insurance contracts which are incurred during a financial period but which relate to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Such costs are disclosed as an asset in the Balance Sheet and are determined explicitly. The rate of change of the deferred acquisition cost asset is consistent with a prudent assessment of the expected pattern of receipt of the future revenue margins over the period the relevant contracts are expected to remain in force.

g) Fixed Assets

Expenditure on fixtures and fittings and computer equipment is capitalised and depreciated by equal annual instalments over the expected useful lives of the relevant assets, having regard to expected residual values.

The periods generally applicable are:

- Fixtures and fittings 10 - 15 years
- Office equipment 5 years
- Computer equipment 6 years

h) Tax

Tax is charged on all taxable profits arising for the accounting period. Deferred taxation is calculated using the liability method but is provided only where the amount is likely to become payable on the foreseeable future. The taxation charge in the Non-technical Account is based on the taxable profit for the year. In the long term business Technical Account, the taxation charge is based on a method of assessing taxation for the long term fund. Any part of the balance on the long term business Technical Account that is computed on an after tax basis is grossed up at the effective rate of taxation in the Non-technical Account.

i) Long term reinsurance contracts

Long term business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, morbidity, investment, persistency and expenses. Such contracts are accounted for as insurance contracts.

j) Valuation of investments

Investments are stated at current value at the Balance Sheet date, calculated as follows:

- Freehold and leasehold properties are individually valued by external qualified surveyors on the basis of open market value, account being taken of the cost of disposal. The valuation is carried out on an annual basis;
- Listed securities are stated at middle market value;
- Unit trust units are stated at bid value;
- Short-term deposits are included at cost;

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Notes to the Accounts (continued)

- Financial futures and option contracts are valued at market rates ruling at the Balance Sheet date and the gain or loss on these contracts is brought into the Technical Account;
- Other investments are stated at Directors' valuation having prudent regard to the likely realisable value.

k) Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the Balance Sheet date. Revenue transactions and those relating to the acquisition and realisation of investments have been translated at rates of exchange ruling at the time of the respective transactions.

l) Long term business provision

The long term business provision for the Company is determined on the basis of recognised actuarial methods.

It includes explicit provision for declared bonuses added up to and including the reporting date. Implicit provision is made for future bonuses through the choice of the valuation rates of interest.

m) Fund for future appropriations

The fund for future appropriations comprises amounts which have yet to be allocated to either participating policyholders or shareholders.

n) Cash Flow Statement

A cash flow statement has not been provided as the Company has taken advantage of the exemption contained in Financial Reporting Standard No 1 (Revised) "Cash Flow Statements" as consolidated accounts, in which the Company is included, are available (see note 29).

o) Pensions

Pension arrangement for the majority of staff are operated through defined benefits schemes. The assets of these schemes are held in separate trustee administered funds. The pension costs relating to these schemes are assessed in accordance with the advice of independent qualified actuaries, using the projected unit method. Variations from the regular cost are allocated over the remaining service life of current employees. Staff not included in defined benefit schemes are members of externally administered defined contribution schemes or are included in the State Pension Scheme.

Contributions to defined benefit schemes are charged to the profit and loss account so as to spread the expected cost of pensions calculated in accordance with actuarial advice on a systematic basis over employees' working lives.

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Notes to the accounts (continued)

3. Segmental analysis

	2000	1999
(a) Analysis of gross premiums written	Total	Total
	£000	£000
Individual business	696,126	1,137,105
Premiums under Group contracts	3,464	4,516
	<u>699,590</u>	<u>1,141,621</u>
Regular premiums	587,779	631,342
Single premiums	111,811	510,279
	<u>699,590</u>	<u>1,141,621</u>
Premiums from non-profit contracts	117,878	211,053
Premiums from with-profit contracts	865	910
Premiums from linked contracts	580,847	929,658
	<u>699,590</u>	<u>1,141,621</u>
Premiums from life business	408,518	720,066
Premiums from annuity business	19,873	101,705
Premiums from pension business	247,771	288,388
Permanent Health Insurance	23,428	31,462
	<u>699,590</u>	<u>1,141,621</u>
(b) Analysis of new business gross premiums written		
Individual business	129,101	580,772
Premiums under Group contracts	2,584	3,811
	<u>131,685</u>	<u>584,583</u>
Regular premiums	19,874	74,304
Single premiums	111,811	510,279
	<u>131,685</u>	<u>584,583</u>
Premiums from non-profit contracts	30,876	139,084
Premiums from linked contracts	100,809	445,499
	<u>131,685</u>	<u>584,583</u>
Premiums from life business	47,438	370,713
Premiums from annuity business	19,873	101,705
Premiums from pension business	59,307	107,244
Permanent Health Insurance	5,067	4,921
	<u>131,685</u>	<u>584,583</u>

Where regular premiums are received other than annually, the regular new business premiums are included on an annualised basis.

Lloyds TSB Life Assurance Company Limited
Report and Accounts for the Year Ended 31 December 2000

Notes to the accounts (continued)

(c) Geographical analysis

All premiums are written in the United Kingdom.

(d) Reinsurance balance

The reinsurance balance amounted to a debit to the long term business technical account of £10,467,000 (1999 : credit of £683,863,000).

4. Investment income

(a) Technical account

	2000	1999
	£000	£000
Investment income:		
Income from Group undertakings	43,845	53,897
Income from land and buildings	15,511	18,037
Income from other investments		
- listed	300,048	315,037
- other	80,196	55,655
Gains on the realisation of investments	623,412	948,606
	<u>1,063,012</u>	<u>1,391,232</u>
Unrealised gains on investments	-	481,456
Investment expenses and charges:		
Investment management expenses, including interest	(116,430)	(96,456)
Unrealised losses on investments	(1,310,282)	-
Net investment return	<u>(363,700)</u>	<u>1,776,232</u>
(b) Non - technical account		
Investment income:		
Income from land and buildings	200	200
Income from other investments		
- listed	-	-
- other	8,734	4,627
	<u>8,934</u>	<u>4,827</u>
Investment expenses and charges:		
Investment management expenses, including interest	-	-
Net investment return	<u>8,934</u>	<u>4,827</u>
Total net investment return	<u><u>(354,766)</u></u>	<u><u>1,781,059</u></u>

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Notes to the accounts (continued)

5. Net operating expenses

	2000	1999
	£000	£000
Acquisition costs	48,807	125,882
Change in deferred acquisition costs	11,690	(9,738)
Administrative expenses	31,342	36,744
Reinsurance commissions	(1,009)	(1,023)
	<u>90,830</u>	<u>151,865</u>

6. Profit / (loss) on ordinary activities before tax

Profit / (loss) on ordinary activities before tax is stated after charging:

	2000	1999
	£000	£000
Commissions accounted for in respect of direct insurance business	1,487	5,225
Depreciation charge for the year:		
Owned assets	4,504	3,384
Assets held under finance leases	331	794
Finance lease charges	28	27
Operating lease charges	-	304
Auditors' remuneration for:		
Audit services (including VAT)	209	278
Other services (including VAT)	299	88
	<u> </u>	<u> </u>

7. Staff numbers and costs

The average number of persons employed by the company during the year was:

	Number of employees	
	2000	1999
Head office administration	<u>900</u>	<u>1,115</u>

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Report and Accounts for the Year Ended 31 December 2000

Notes to the accounts (continued)

7. Staff numbers and costs (continued)

The aggregate payroll costs of these employees were as follows:

	2000 £000	1999 £000
Wages and salaries	22,897	29,250
Social security costs	1,703	1,965
	<u>24,600</u>	<u>31,215</u>

8. Directors' emoluments and interests

(a) Directors' emoluments

The apportioned aggregate emoluments of the Directors amounts to £575,749 (1999 : £316,849).

Retirement benefits are accruing to 2 Directors (1999 : 7) under defined benefits schemes.

(b) Highest paid Director :

The apportioned aggregate emoluments of the highest paid Director were £253,986 (1999 : £150,127)

At the year end his accrued pension totalled £67,705 per annum, being his pension entitlement based on pensionable service with the Group to 31 December 2000, but payable at normal retirement age.

(c) Directors' interests

I D Thompson is also a Director of Scottish Widows Group Limited and his interests are disclosed in the accounts of that company.

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Report and Accounts for the Year Ended 31 December 2000

Notes to the accounts (continued)

9. Taxation	2000	1999
	£000	£000
Technical account		
UK corporation tax at 30% (1999: 30.25%)		
Current	81,914	89,291
Deferred	(2,302)	5,478
Tax attributable to the long term business	<u>79,612</u>	<u>94,769</u>
 Non-technical account	 2000	 1999
	£000	£000
Tax credit attributable to balance on the long term business technical account at 30% (1999 : nil)	70,537	-
Tax attributable to income arising in the non-technical account at 30% (1999 : 30.25%)	2,680	1,460
Tax on profit on ordinary activities	<u>73,217</u>	<u>1,460</u>

10. Investments

	2000		1999	
	Current		Current	
(a) Land and buildings	Value	Cost	Value	Cost
	£000	£000	£000	£000
Long leasehold	<u>230</u>	<u>236</u>	<u>230</u>	<u>236</u>

The valuation included in the balance sheet at the year end was carried out by Lloyds TSB group's professionally qualified staff, who are members of the Institute of Chartered Surveyors, on the basis of open market value for existing use.

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Report and Accounts for the Year Ended 31 December 2000

Notes to the accounts (continued)

10. Investments (continued)

(b) Other financial investments

	2000		1999	
	Market Value £000	Cost £000	Market Value £000	Cost £000
Shares and other variable-yield securities and units in unit trusts	81,786	80,977	58,389	50,788
Debt securities and other fixed income securities	972,742	960,534	1,132,927	1,104,540
Deposits with credit institutions	849,020	848,630	797,090	798,284
	<u>1,903,548</u>	<u>1,890,141</u>	<u>1,988,406</u>	<u>1,953,612</u>

Market value of other financial investments includes listed investments as follows:

	2000 £000	1999 £000
Shares and other variable-yield securities and units in unit trusts	<u>81,786</u>	<u>58,389</u>
Debt securities and other fixed income securities	<u>972,742</u>	<u>1,132,927</u>

11. Assets held to cover linked liabilities

	2000		1999	
	Market Value £000	Cost £000	Market Value £000	Cost £000
Assets held to cover linked liabilities	<u>9,731,326</u>	<u>8,282,621</u>	<u>11,099,845</u>	<u>8,303,051</u>

Market value includes unlisted investments as follows:

	2000 £000	1999 £000
Land and buildings	241,080	195,965
Over the counter derivative contracts	1,938,309	2,437,450
Fixed interest deposits	76,612	89,810
	<u>2,256,001</u>	<u>2,723,225</u>

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Notes to the accounts (continued)

12. Debtors arising out of direct insurance operations

	2000 £000	1999 £000
Policyholders	10,803	14,722
Intermediaries	-	22
	<u>10,803</u>	<u>14,744</u>

13. Other debtors

	2000 £000	1999 £000
Amounts owed by group undertakings	9,324	6,709
Other debtors	9,054	20,070
	<u>18,378</u>	<u>26,779</u>

14. Tangible assets

	Computers and equipment £000	Fixtures and other equipment £000	Total £000
Cost			
At 1 January 2000	24,808	14,536	39,344
Additions	5,934	9	5,943
Disposals	(162)	-	(162)
At 31 December 2000	<u>30,580</u>	<u>14,545</u>	<u>45,125</u>
Depreciation			
At 1 January 2000	13,511	9,325	22,836
Charge for the year	3,939	896	4,835
Disposals	(72)	-	(72)
At 31 December 2000	<u>17,378</u>	<u>10,221</u>	<u>27,599</u>
Net book value			
At 31 December 2000	<u>13,202</u>	<u>4,324</u>	<u>17,526</u>
At 31 December 1999	<u>11,297</u>	<u>5,211</u>	<u>16,508</u>

The net book value of £17,526,000 includes an amount of £nil (1999 : £331,000) in respect of assets held under finance leases.

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Notes to the accounts (continued)

15. Called up share capital

	2000 £000	1999 £000
Authorised, allotted and issued fully paid: 16 million ordinary shares of £1 each	<u>16,000</u>	<u>16,000</u>

16. Reserves

	Profit & loss account £000	Other Reserves £000	Total reserves £000
At 1 January 2000	279,127	44,000	323,127
Profit for the financial year	170,840	-	170,840
At 31 December 2000	<u>449,967</u>	<u>44,000</u>	<u>493,967</u>

Of the profit and loss account balance, £254,459,000 is not regarded as realised.

17. Reconciliation of movements in Shareholder's funds

	2000 £000	1999 £000
Opening Shareholder's funds	339,127	311,671
Profit / (loss) for the financial year	170,840	(16,544)
Other recognised gains and losses relating to the year	-	44,000
Closing Shareholder's funds	<u>509,967</u>	<u>339,127</u>

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Notes to the accounts (continued)

18. Technical provisions

	Claims outstanding £000	Long term business provision £000	Technical provision for linked liabilities £000
(a) Gross technical provisions			
Balance at 1 January 2000	70,047	1,447,542	11,130,252
Movement for the year	(9,564)	(127,216)	(1,378,275)
At 31 December 2000	<u>60,483</u>	<u>1,320,326</u>	<u>9,751,977</u>
(b) Reinsurers' share			
Balance at 1 January 2000	3,500	29,311	30,407
Movement for the year	(1,617)	(1,936)	(9,756)
At 31 December 2000	<u>1,883</u>	<u>27,375</u>	<u>20,651</u>
(c) Net technical provisions			
Balance at 31 December 2000	<u>58,600</u>	<u>1,292,951</u>	<u>9,731,326</u>
Balance at 31 December 1999	<u>66,547</u>	<u>1,418,231</u>	<u>11,099,845</u>

19. Long term business provision

The principal assumptions underlying the calculation of the long term business provision were as follows:

Class of business	Interest rate %	
	2000	1999
With profit business:		
Endowment plus assurances	2.50	2.60
Other assurances	3.00	3.00
Non Profit Business:		
Life temporary assurances	3.20	3.20
Pension temporary assurances	4.00	4.00
Endowment assurances	3.20	3.20
Whole of life assurances	3.20	3.20
Guaranteed bonus bonds	5.40	5.80
Pension annuities in payment	4.96	4.91
Permanent health insurance claims in payment	4.94	5.00

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Notes to the accounts (continued)

19. Long term business provision (continued)

The following mortality assumptions (for the main classes of business) are based on the actual experience of the portfolio as well as relevant industry statistics:

Assurances: A67/70 ult for males with an addition of 20% to the mortality rate for smokers and a deduction of 10% for non-smokers. Females as for males aged 3 years younger.

Pension annuities in payment: 100% PMA92 (entry in 2001) for males, 80% PFA92 (entry in 2001) for females.

Full details are available in the annual returns made by the Company under the Insurance Companies Act 1982.

Cost of Bonuses

The cost of bonus declared for the year, including terminal bonus, totalled £1.1m.

20. Provisions for other risks and charges

	Vacant Property £000	Other £000	Deferred tax £000	Total £000
At 1 January 2000	1,371	5,960	29,329	36,660
Charge for the year	-	-	-	-
Amounts written off	-	(3,763)	-	(3,763)
Utilised in the year	(1,371)	(2,197)	(2,302)	(5,870)
At 31 December 2000	<u>0</u>	<u>0</u>	<u>27,027</u>	<u>27,027</u>
Deferred tax is in respect of:			2000 £000	1999 £000
Deferred acquisition costs			26,611	30,118
Accelerated capital allowances			416	977
Short term timing differences			-	(1,766)
			<u>27,027</u>	<u>29,329</u>

21. Other creditors including taxation and social security

	2000 £000	1999 £000
Amounts owed to parent and fellow subsidiary undertakings	155,559	286,064
Other creditors	34,531	50,280
	<u>190,090</u>	<u>336,344</u>

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Notes to the accounts (continued)

22. Obligations under finance leases

The minimum finance lease payments to which the Company was committed at 31 December 2000 were as follows:

	2000 £000	1999 £000
Payable within one year	-	449
Payable in the second to fifth years inclusive	-	-
	-	449
Less finance charges allocated to future periods	-	(30)
	-	419

23. Long term business fund

At 31 December 2000 the total amount of assets representing the long term business fund valued in accordance with the provisions of Schedule 9A to the Companies Act 1985 was £11,221.8m (1999 £12,645.1m)

24. Contingent liabilities

The Company has contracted to underwrite new share issues, the contingent liability as at 31 December 2000 being £15,000.

25. Commitments

The Company had no capital commitments at the end of the financial year (1999 : £895,000).

26. Pensions costs

The Company participates in the Loyds TSB Group Pension Scheme operated by Loyds TSB Group plc. Details of the contributions across the group to the Loyds TSB group Pension Scheme together with the last actuarial valuation can be found in the accounts of Loyds TSB Group plc.

27. Derivative contracts

At 31 December 2000 the Company had entered into, in the normal course of business, option contracts, index futures contracts and forward foreign exchange contracts. All such contracts were undertaken for either hedging or efficient portfolio management purposes with the exception of certain contracts used for the purpose of matching contractual liabilities.

28. Related party transactions

Advantage has been taken of the exemption under Financial Reporting Standard 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Loyds TSB group, of which the Company is a member. No contract of significance existed at any time during the period in which a Director or key manager was materially interested or which requires disclosure as a related party transaction as defined under FRS 8 "Related Party Disclosures". There were no other material transactions by the Company with related parties for the period ended 31 December 2000.

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Notes to the accounts (continued)

29. Parent undertaking

The Company's immediate parent undertaking is Lloyds TSB Financial Services Holdings plc, a Company registered in the United Kingdom. Lloyds TSB Financial Services Holdings has taken advantage of the Companies Act 1985 and has not produced consolidated accounts.

Lloyds TSB Group plc is regarded by the Directors as the ultimate parent company and ultimate controlling party of Lloyds TSB Life Assurance Company Limited. Copies of the Lloyds TSB Group plc accounts in which the Company is consolidated can be obtained from the Group Secretary's Department, Lloyds TSB Group plc, 71 Lombard Street, London, EC3P 3BS.