

**TSB TRUST COMPANY LIMITED**

**REPORT AND ACCOUNTS**

**31 OCTOBER 1994**

Registered Number: 1628564



# TSB TRUST COMPANY LIMITED REPORT AND ACCOUNTS 1994

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**DIRECTORS' REPORT**

The directors present their report and the accounts of the Company for the year ended 31 October 1994.

**Principal activity**

The Company is a wholly owned subsidiary undertaking ("subsidiary") of TSB Group plc. The principal activity of the Company is as a holding company for subsidiaries providing insurance, unit trust and PEP management services.

**Results**

The results for the year are shown in the profit and loss account on page 7.

Interim dividends of £8,764,249 and £29,630,400 were paid on 31 March 1994 and 31 October 1994 respectively. The directors recommend a final dividend of £22,595,561.

**Fixed assets**

A statement of changes in fixed assets is to be found in notes 5 and 6 to the accounts.

**Directors**

The directors of the Company during the year were:

J K Elbourne (Chairman)  
L H W March  
F J Randall

M K Pedelty (resigned 30 June 1994)  
A G Kane (resigned 24 October 1994)

**Directors' interests in shares and loan notes**

None of the directors has any interest in the share capital of the Company. J K Elbourne is also a director of the Company's ultimate holding company, TSB Group plc. His interests in the share capital of TSB Group plc are shown in the accounts of that company.

Beneficial interests of the other directors and their immediate families in ordinary shares of 25p each in the Company's holding company, TSB Group plc, are shown below:-

	At 31 October 1994		At 1 November 1993 (or date of appointment if later)	
	Shares	Shares under Option	Shares	Shares under Option
L H W March	14,077	109,893	7,706	56,857
F J Randall	43,945	155,232	8,193	303,872

The options to purchase shares were granted under the share option and sharesave schemes of TSB Group plc.

F J Randall and L H W March exercised options over 175,752 and 13,274 shares respectively during the year. A G Kane did not exercise any options during the year.

Any other net changes in options shown above arose as a result of the grant of options during the year.

Except as disclosed above, none of the directors held any interests in the shares or debentures of TSB Group plc or any of its subsidiaries at 1 November 1993 and 31 October 1994.

## **DIRECTORS' REPORT (continued)**

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### **Directors' and Officers' liability insurance**

The Company's ultimate holding company, TSB Group plc, maintains directors' and officers' liability insurance in respect of all its subsidiary companies.

### **Employment**

The Company no longer employs any staff directly, however staff duties continue to be performed on behalf of the Company by staff employed by TSB Bank plc. Therefore details of their numbers and remuneration are disclosed in the Company's accounts.

The average number of employees during the year was 2,221, including 114 part-time staff, and their aggregate remuneration (excluding pension contributions) amounted to £54,913,000.

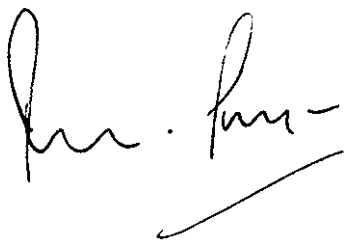
The Company, as part of the TSB Group, is committed to employee involvement and uses a variety of methods to inform, consult and involve its employees. There are a number of well established consultative and collective bargaining arrangements which ensure that the views of employees are taken into account in reaching decisions. Within this framework, emphasis continues to be placed on developing greater awareness of the financial and economic factors which affect the performance of the Company. Financial involvement is encouraged through profit sharing and share option schemes.

The TSB Group is committed to provide equal opportunities in employment. As part of this policy the Company gives full and fair consideration to applications for employment from disabled people and offers appropriate training and career development, having regard to their particular aptitudes and abilities. If members of staff become disabled, the Company wherever possible, seeks either to continue their employment in their existing jobs, or to re deploy them on suitable duties. The TSB Group has provided disability awareness training. The long term policy is to achieve a workforce more closely matched in respect of race, sex and disability to the composition of the community served by the TSB Group.

### **Auditors**

The Company passed a Special Resolution on 30 October 1991 to dispense with the annual re-appointment of its auditors and KPMG Peat Marwick will therefore continue in office.

By Order of the Board.



J. K. Taylor  
Secretary  
11th January 1995

## DIRECTORS' RESPONSIBILITY STATEMENT

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Company law requires the directors to prepare accounts for each year which give a true and fair view of the state of the 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF TSB TRUST COMPANY LIMITED**

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We have audited the accounts on pages 7 to 16.

**Respective responsibilities of directors and auditors**

As described on page 5, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of 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 as at 31 October 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

WMS  
KPMG

Chartered Accountants  
Registered Auditors

13 March 1995

London

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

31 OCTOBER 1994

NOTE		1994 £000	1993 £000
1	<b>Turnover</b>	75,397	88,206
	<b>Cost of sales</b>	75,781	88,142
	<b>Gross profit</b>	(384)	64
	Income from shares in group companies	73,647	56,293
	Income/(loss) from other fixed asset investments	1	(10)
	Other interest receivable	459	43
	<b>Operating profit</b>	73,723	56,390
	Amounts written off investments	(9,567)	58
	Profit on disposal of investments	-	1,650
	Interest payable and similar charges	(4,335)	(5,077)
2	<b>Profit on ordinary activities before taxation</b>	59,821	53,021
4	<b>Tax on profit on ordinary activities</b>	(8,398)	1,722
	<b>Profit on ordinary activities after taxation</b>	51,423	54,743
	Balance brought forward	-	-
	Transfer from other reserves	9,567	-
	<b>Dividends paid and proposed</b>	(60,990)	(54,743)
	<b>Balance carried forward</b>	-	-

The notes on pages 9 to 16 form part of these accounts.

There are no recognised gains and losses other than the profit for the year reported above. There is also no difference between the profit on ordinary activities before taxation or the retained profit for the financial year stated above and their historical cost equivalents.

TSB TRUST COMPANY LIMITED REPORT AND ACCOUNTS 1994

**BALANCE SHEET**

31 OCTOBER 1994

NOTE		1994 £000	1993 £000
	<b>Fixed assets</b>		
5	Tangible assets	15,157	16,656
6	Investments	128,237	128,236
		<u>143,394</u>	<u>144,892</u>
	<b>Current assets</b>		
7	Debtors	69,442	100,065
8	Cash at bank and in hand	67	74
		<u>69,509</u>	<u>100,139</u>
9	Creditors: amounts falling due within one year	(164,171)	(186,064)
	Net current liabilities	<u>(94,662)</u>	<u>(85,925)</u>
	Total assets less current liabilities	48,732	58,967
10	Creditors: amounts falling due after more than one year	(6,527)	(7,037)
11	Deferred tax	(214)	(372)
		<u>41,991</u>	<u>51,558</u>
	<b>Capital and reserves</b>		
12	Called up share capital	6,558	6,558
13	Other reserves	35,433	45,000
	Profit and loss account	-	-
		<u>41,991</u>	<u>51,558</u>

The notes on pages 9 to 16 form part of these accounts.

The accounts were approved by the directors on 11 January 1995.



J. K. Elbourne  
Director



## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

### NOTE 1

#### Accounting policies

##### Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards, and include the results of the activities described in the directors' report, all of which are continuing.

The Company has taken advantage of the exemption contained in s228 of the Companies Act 1985 and has not prepared consolidated accounts. Consolidated accounts will be drawn up by TSB Group plc, the ultimate holding company, which is registered in Scotland.

##### Turnover

Turnover comprises amounts charged to subsidiaries and group companies for management services and personnel.

##### Depreciation

Depreciation is calculated on a straight line basis so as to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

##### Premises:

Leasehold land and buildings

Term of lease

##### Equipment:

Motor vehicles

25% per annum

Office fixtures and equipment

10% per annum

Electronic office equipment

33 1/3% per annum

Computer equipment

20% per annum

##### Leases

Assets acquired under finance leases are capitalised as fixed assets. The present value of the corresponding lease obligation is recorded as a liability. The total finance charge under the lease is allocated to accounting periods during the lease term based on the underlying rate of interest.

Rentals payable under operating leases are charged to the profit and loss account on the accruals basis.

##### Deferred taxation

Deferred taxation is provided under the liability method on material timing differences where there is a reasonable probability that taxation will become payable in the foreseeable future.

##### Investment in subsidiaries

The Company's investment in subsidiaries is included at cost less provisions for diminution in value, which are charged to the profit and loss account.

##### Pensions

Based on actuarial advice pension costs are charged to the profit and loss account on a basis whereby the regular cost is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the average remaining service lives of current employees.

## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

**NOTE 1****Accounting  
policies  
(continued)****Foreign currencies**

Assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the balance sheet date. Results in foreign currencies are translated into sterling at average exchange rates ruling during the year.

**Cash flow statement**

The parent undertaking, TSB Group plc, has adopted Financial Reporting Standard number 1, thus exempting the Company from the requirement to prepare a cash flow statement.

**NOTE 2****Profit before  
taxation**

Profit before taxation is stated after taking account of the following:

	1994 £000	1993 £000
<b>Income</b>		
Surplus arising on disposal of Target Trust Managers Limited	-	1,650
Interest receivable from group companies	440	17
<b>Expenses</b>		
Depreciation	5,082	5,722
Auditors' remuneration	7	60
Interest payable to group companies on overdrafts and loans due within one year	4,149	4,830
Interest payable on loans due 2 - 5 years	186	247
Finance lease charges	224	55
Redundancy costs	575	3,336
Operating lease payments	3,370	3,370

**NOTE 3****Directors' and  
employees'  
emoluments**

The aggregate emoluments of the directors of the Company for the period were:

	1994 £000	1993 £000
Emoluments as directors of this Company and its subsidiaries	-	357
Pension contributions	-	114
Compensation for loss of office	-	30
<b>Total emoluments</b>	<b>-</b>	<b>501</b>

## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

**NOTE 3****Directors' and employees' emoluments (continued)**

The emoluments of the chairman and the highest paid director in respect of services to the Company and its subsidiaries, excluding pension contributions were as follows:

	1994 £000	1993 £000
Chairman	-	-
Highest paid director	-	171

The number of directors whose aggregate emoluments, excluding pension contributions, in respect of their services to the Company and its subsidiaries, fell within the following bands were:

	1994	1993
£ 0 - £ 5,000	5	5
£ 75,001 - £ 80,000	-	1
£105,001 - £110,000	-	1
£170,001 - £175,000	-	1

The average numbers per week of staff of the Company and its subsidiaries during the period was 2,221 including 114 part-time staff.

Total staff remuneration including directors was as follows:

	1994 £000	1993 £000
Wages and salaries	54,913	56,150
Social security	4,629	4,758
Other pension costs	-	114
	59,542	61,022

**NOTE 4****Taxation**

The charge for taxation, which is based on the profit for the year, comprises:

	1994 £000	1993 £000
<b>Current year</b>		
Group relief at 33% (1993 33%)	(1,289)	(2,353)
Deferred taxation	(176)	655
Tax credits on franked investment income	9,871	-
	8,406	(1,698)
<b>Prior year adjustments</b>		
Group relief	(26)	-
Deferred taxation	18	(24)
	8,398	(1,722)

## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

**NOTE 5****Tangible assets**

	<b>Premises £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 November 1993	491	43,143	43,634
Additions	-	5,393	5,393
Group transfer	-	179	179
Disposals	-	(9,879)	(9,879)
<b>At 31 October 1994</b>	<b>491</b>	<b>38,836</b>	<b>39,327</b>
<b>Depreciation</b>			
At 1 November 1993	80	26,898	26,978
Charge for the year	10	5,072	5,082
Group transfer	-	54	54
Disposals	-	(7,944)	(7,944)
<b>At 31 October 1994</b>	<b>90</b>	<b>24,080</b>	<b>24,170</b>
<b>Net book value</b>			
At 31 October 1994	401	14,756	15,157
At 31 October 1993	411	16,245	16,656

The Company includes assets held under finance leases with a net book value of £2,041,574 as tangible fixed assets. The depreciation charge for the year attributable to these assets was £819,963.

The net book value of premises comprises long leasehold property all of which is depreciable.

**NOTE 6****Investments**

<b>Fixed Assets</b>	<b>£000</b>
<b>Cost</b>	
At 1 November 1993	130,491
Additions	1
<b>At 31 October 1994</b>	<b>130,492</b>
<b>Amounts written off</b>	
At 1 November 1993 and 31 October 1994	2,255
<b>Net value of investments</b>	
At 31 October 1994	128,237
At 31 October 1993	128,236

## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

**NOTE 6****Investments  
(continued)****Investments at cost less amounts written off comprise:**

£000

Shares in subsidiary companies (see note 18)

127,449

Other investments

788

128,237

Aggregate market value of other investments

1,089

**NOTE 7****Debtors**

1994

1993

£000

£000

**Amounts falling due within one year:**

Amounts owed by group companies

3,794

13,546

Amounts owed by subsidiaries

63,631

83,696

Other debtors

123

50

Prepayments and accrued income

605

420

Group relief receivable

1,289

2,353

69,442

100,065

**NOTE 8****Cash at bank  
and in hand**

Cash at bank and in hand comprises amounts which are placed at commercial rates of interest with TSB Bank plc, a fellow subsidiary of TSB Group plc.

**NOTE 9****Creditors**

1994

1993

£000

£000

**Amounts falling due within one year:**

Bank overdrafts

67,887

78,940

Trade creditors

1,412

407

Amounts due to subsidiary's long-term business fund

1,455

239

Amounts owed to group companies

67,687

59,058

Other creditors

846

63

Taxation and social security

1,229

1,811

Accruals and deferred income

1,059

2,613

Dividend payable

22,596

42,933

164,171

186,064

## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

**NOTE 10****Creditors**

	1994 £000	1993 £000
<b>Amounts falling due after more than one year:</b>		
Loan due for repayment 2 - 5 years	5,000	5,000
Lease amounts payable by instalments to group company:		
2 - 5 years	1,429	-
Over 5 years	98	-
Lease amounts payable by instalments to subsidiary:		
2 - 5 years	-	1,743
Over 5 years	-	294
	<b>6,527</b>	<b>7,037</b>

The loan carries interest at 6 month LIBOR less 1.12% and is repayable in November 1995.

The leases are for terms varying from 3 to 10 years and at varying rates of interest.

**NOTE 11****Deferred  
Taxation**

	£000
Balance at 1 November 1993	372
Credit to the profit and loss account	(158)
<b>Balance at 31 October 1994</b>	<b>214</b>

The balance of deferred taxation, which represents the full potential liability, is made up as follows:

	1994 £000	1993 £000
Accelerated capital allowances	336	438
Short-term timing differences:		
Interest payable	(122)	(66)
	<b>214</b>	<b>372</b>

**NOTE 12****Share capital**

	1994 £000	1993 £000
Authorised, allotted, called-up and fully paid ordinary shares of £1 each	6,558	6,558

## NOTES TO THE ACCOUNTS

31 OCTOBER 1994

**NOTE 13**  
**Shareholders'**  
**funds**

	Share capital £000	Profit and loss account £000	Other reserves £000	Total £000
At 1 November 1993	6,558	-	45,000	51,558
Transfer of reserves	-	9,567	(9,567)	-
Retained profit for the year	-	(9,567)	-	(9,567)
At 31 October 1994	6,558	-	35,433	41,991

Other reserves represent a capital contribution from the Company's holding company which is not repayable but which forms part of the Company's distributable reserves.

**NOTE 14**  
**Pensions**

The Company is a member of the TSB Group Pension Scheme. The scheme is of the defined benefit, final salary type, self administered, and funded to cover future pension liabilities including expected future earnings and pension increases. Formal actuarial valuations are carried out by qualified actuaries annually, the latest at 1 November 1991.

Further details of the most recent actuarial valuation and main actuarial assumptions are disclosed in the accounts of TSB Group plc.

The actuaries to the scheme are employed by Noble Lowndes and Partners Limited.

**NOTE 15**  
**Capital**  
**commitments**

	1994 £000	1993 £000
Capital expenditure not provided in these accounts comprises:		
Contracted	49	437
Authorised	-	24

**NOTE 16**  
**Operating**  
**leases**

Annual commitments under operating leases on premises are as follows:

	1994 £000	1993 £000
Expiring:		
Within one year	-	49
Within two to five years	-	39
In more than five years	438	1,659
	438	1,747

**NOTES TO THE ACCOUNTS**

31 OCTOBER 1994

**NOTE 17****Contingent liabilities**

The Company has issued guarantees in favour of TSB Life Limited and TSB Pensions Limited in respect of certain contingent liabilities of those companies.

**NOTE 18****Principal subsidiary companies**

<b>Name</b>	<b>Nature Of Business</b>
TSB Life Limited	Long-term insurance business
TSB Pensions Limited	Long-term insurance business
TSB Unit Trusts Limited	Unit trust management
TSB Financial Services Limited	PEP management
TSB Investment Services Limited	Offshore funds marketing
TSB General Insurance Limited	General insurance underwriting
TSB General Insurance Services Limited	General insurance services
TSB Health Insurance Services Limited	General insurance services
TSB Insurance Services Limited	General insurance services
TSB Motor Insurance Services Limited	General insurance services
TSB Properties (Andover) Limited	Property management

All companies are incorporated in England and Wales unless otherwise indicated and are wholly owned by the Company, either directly or indirectly.

**NOTE 19****Holding Company**

The Company's immediate and ultimate holding company is TSB Group plc which is registered in Scotland. The consolidated accounts of that company may be obtained from the Secretary, 60 Lombard Street, London, EC3V 9DN.