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LLOYDS COMMERCIAL PROPERTIES LIMITED
ANNUAL REPORT AND ACCOUNTS 2003

MEMBER OF LLOYDS TSB GROUP



LLOYDS COMMERCIAL PROPERTIES LIMITED

Report and accounts 2003

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

2013563

Directors

A G Strang (Chairman)
H D C Stebbing (Managing Director) (alternate: A W Fielder)

Secretary

S J Hopkins

LLOYDS COMMERCIAL PROPERTIES LIMITED

Annual report of the directors

Principal activities and results

The principal activities of the company are property management and the provision of services to subsidiary undertakings.

The loss after taxation for the year ended 31 December 2003 was £17,798 (2002: loss £18,633) as set out in the profit and loss account on page 3.

Directors

The names of the directors of the company are shown on page 1.

Reference is made on page 10 in note 14 to the interests of the directors and the alternate director in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

Policy and practice on payment of creditors

The company follows "The Better Payment Practice Code" published by the Department of Trade and Industry regarding payments to suppliers. A copy of the code and information about it may be obtained from the DTI Publication Order Line 0870-1502500 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 at 31 December 2003, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2002: nil).

On behalf of the board



A G Strang
Director

28 June 2004

LLOYDS COMMERCIAL PROPERTIES LIMITED

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	8,400	8,340
Administrative expenses		(30,443)	(31,596)
		-----	-----
Operating loss		(22,043)	(23,256)
Interest receivable and similar income		697	723
		-----	-----
Loss on ordinary activities before taxation	3	(21,346)	(22,533)
Taxation on loss on ordinary activities	5	3,548	3,900
		-----	-----
Loss for the year	12,13	(17,798)	(18,633)
		=====	=====

The company had no recognised gains or losses other than those disclosed in the profit and loss account, which relate entirely to continuing operations.

There are no differences between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 5 to 10 form part of these accounts.

LLOYDS COMMERCIAL PROPERTIES LIMITED

Balance sheet at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Land and buildings	6	393,612	403,132
Investments in subsidiary undertakings	7	35,600,009	35,600,009
		-----	-----
Current assets		35,993,621	36,003,141
Amounts owed by group undertakings	8	300,000	300,000
Other debtors	9	67	1,714
Cash at bank	10	30,911	42,423
		-----	-----
		330,978	344,137
Creditors: amounts falling due within one year			
Amounts owed to parent undertaking		34,000,000	34,000,000
Accruals		867	2,200
Taxation		29,052	32,600
		-----	-----
		34,029,919	34,034,800
Net current liabilities		(33,698,941)	(33,690,663)
		-----	-----
Net assets		2,294,680	2,312,478
		=====	=====
Capital and reserves			
Called-up share capital	11	2	2
Profit and loss account	12	2,294,678	2,312,476
		-----	-----
Shareholder's funds (equity)	13	2,294,680	2,312,478
		=====	=====



A G Strang
Director

The notes on pages 5 to 10 form part of these accounts.

LLOYDS COMMERCIAL PROPERTIES LIMITED

Notes to the accounts

1. Accounting policies

a. Basis of preparation

The accounts are prepared under the historical cost convention, in compliance with the requirements of the Companies Act 1985 and in accordance with applicable accounting standards.

Under the provisions of section 228 of the Companies Act 1985, group accounts have not been prepared as the company is a wholly owned subsidiary undertaking of Lloyds TSB Group plc. As permitted by Financial Reporting Standard 1 (revised), no cash flow statement is presented in these accounts, as the company is a wholly owned subsidiary of Lloyds TSB Group plc which presents such a statement in its own accounts. In addition, advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Lloyds TSB Group plc or other group or associated undertakings, as the consolidated accounts of Lloyds TSB Group plc in which the company is included are publicly available.

b. Fixed assets and depreciation

With effect from 1 January 2000, Lloyds TSB Group implemented Financial Reporting Standard 15 in respect of freehold buildings and as permitted the freehold buildings have been re-stated to historic cost and will depreciate on a straight-line basis over 50 years. Land is not depreciated. Furniture and fittings are depreciated on a straight-line basis over 10 years.

c. Interest receivable and similar income

Interest income is accounted for on an accruals basis.

d. Deferred Taxation

Full provision is made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted or substantively enacted by the balance sheet date.

The company has not adopted a policy of discounting deferred tax assets and liabilities

e. Investments in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost less any provisions for permanent diminution in value.

2. Turnover

Turnover comprises property management and other costs charged to other group undertakings, net of VAT.

LLOYDS COMMERCIAL PROPERTIES LIMITED

Notes to the accounts (continued)

3. Loss on ordinary activities before taxation

	2003 £	2002 £
Loss before taxation is stated after charging/(crediting):		
Interest receivable from group undertakings	(697)	(723)
Auditors' remuneration	750	750
Recharged expenses from group undertakings in respect of staff	15,300	18,300
Costs		
Depreciation	9,520	9,520
Other administrative expenses	4,873	3,026
	=====	=====

All employees have contracts of service with Lloyds TSB Bank plc and are made available on a full time basis to the company.

4. Directors' emoluments

No remuneration was paid or is payable by the company to the directors. The directors are employed by other companies in the Lloyds TSB Group and consider that their services to this company are incidental to their other activities within the group.

5. Taxation

	2003 £	2002 £
UK corporation tax on loss of £(21,346) (2002: loss of £(22,533)) at 30% (2002: 30%)	(3,548)	(3,900)
	=====	=====

A reconciliation of the current tax charge for the year to the charge that would result from applying the standard UK corporation tax rate to the loss before tax is given below:

	2003 £	2002 £
Loss on ordinary activities at the standard rate of UK corporation tax of 30%	(6,404)	(6,760)
Effects of depreciation	2,856	2,856
Other adjustments	-	4
	-----	-----
	(3,548)	(3,900)
	=====	=====

LLOYDS COMMERCIAL PROPERTIES LIMITED

Notes to the accounts (continued)

6. Fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost at 1 January 2003	422,721	8,439	431,160
Cost at 31 December 2003	422,721	8,439	431,160
Accumulated depreciation at 1 January 2003	(25,363)	(2,665)	(28,028)
Charge for the year	(8,454)	(1,066)	(9,520)
Accumulated depreciation at 31 December 2003	(33,817)	(3,731)	(37,548)
Net book amount at 31 December 2003	388,904	4,708	393,612
Net book amount at 31 December 2002	397,358	5,774	403,132

LLOYDS COMMERCIAL PROPERTIES LIMITED

Notes to the accounts (continued)

7. Investments in subsidiary undertakings

	2003 £	2002 £
Cost at 1 January 2003	35,600,009	35,600,009
	-----	-----
Cost at 31 December 2003	35,600,009	35,600,009
	=====	=====

The subsidiaries of Lloyds Commercial Properties Limited are:

<u>Company</u>	<u>Country of Incorporation</u>	<u>Nature of business</u>
Lloyds Commercial Property Developments Limited	England	Non-trading
Lloyds Commercial Property Investments Limited	England	Undertakes commercial property investment
Lloyds Project Construction Company Limited	England	Building contractor carrying out Construction projects
Target Corporate Services Limited	England	Provides services to subsidiary undertakings and manages property

Lloyds Commercial Properties Limited has an interest in 100% of the issued ordinary share capital of each of the above companies.

8. Amounts owed by group undertakings

	2003 £	2002 £
Amounts owed by group undertakings	300,000	300,000
	=====	=====

9. Other debtors

	2003 £	2002 £
Intercompany balance	-	1,335
VAT	67	379
	-----	-----
	67	1,714
	=====	=====

LLOYDS COMMERCIAL PROPERTIES LIMITED

Notes to the accounts (continued)

10. Cash at bank

	2003 £	2002 £
Call account	19,455	18,758
Current account	11,456	23,665
	-----	-----
	30,911	42,423
	=====	=====

Cash at bank comprises balances with Lloyds TSB Bank plc.

11. Called-up share capital

	2003 £	2002 £
Authorised ordinary shares of £1 each	100	100
	====	====
Issued and fully paid	2	2
	=	=

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of undertakings 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 undertakings. Copies of the group accounts of both may be obtained from the company secretary's office, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN.

12. Profit and loss account

	2003 £
At 1 January	2,312,476
Loss for the year	(17,798)

At 31 December	2,294,678
	=====

13. Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Loss for the year	(17,798)	(18,633)
Opening shareholder's funds	2,312,478	2,331,111
	-----	-----
Closing shareholder's funds	2,294,680	2,312,478
	=====	=====

LLOYDS COMMERCIAL PROPERTIES LIMITED

Notes to the accounts (continued)

14. Directors' interests

The interests of the directors and the alternate director in the capital of Lloyds TSB Group plc were:

	At 31 December 2003	At 1 January 2003
Ordinary shares of 25p each:		
A W Fielder	11,887	10,499
H D C Stebbing	16,966	20,901
A G Strang	65,914	64,447

Options to acquire ordinary shares of 25p each:

	At 1 January 2003	During the year		At 31 December 2003
		Granted	Exercised/ Lapsed*	
A W Fielder			-	
	1,642	3,587	1,902*	3,327
H D C Stebbing			-	
	20,272	10,936	2,206*	29,002
A G Strang			-	
	130,935	97,729	2,551*	226,113

*During the year, these share options lapsed following termination of savings contracts linked to the staff sharesave option scheme, in accordance with the rules of the scheme.

None of the directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

15. Date of approval

The directors approved the accounts on 28 June 2004.

LLOYDS COMMERCIAL PROPERTIES LIMITED

Independent auditors' report to the member of Lloyds Commercial Properties Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies in note 1.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report including, as described below, the financial statements. The United Kingdom Companies Act 1985 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the United Kingdom 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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.

LLOYDS COMMERCIAL PROPERTIES LIMITED

Independent auditors' report to the member of Lloyds Commercial Properties Limited (continued)

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 financial statements. It also includes an assessment of the significant estimates and judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton

29 June 2004