

TSB FINANCIAL SERVICES LIMITED

REPORT AND ACCOUNTS 1999

Registered number 2079683

Registered office
Charlton Place
Andover
Hampshire SP10 1RE

Directors
R J Spragg
C M Wiscarson

Company Secretary
H S Rodgers



Member of Lloyds TSB Group

DIRECTORS' REPORT

Principal activity

The company has ceased trading and the only activity of the company has been the receipt of bank interest.

Results

The profit on ordinary activities after taxation for the year was £3,000 (1998: £6,000) as set out on page 4.

Directors

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

Reference is made on page 8 in note 10 to the interests of the directors in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

Year 2000

Lloyds TSB Group plc, of which the company is a subsidiary, recognised the far-reaching implications of the problems which might have arisen from the failure of systems to acknowledge dates before, on or after 1 January 2000, and the group's policy was to ensure that the systems and business processes were not affected by these problems.

The successful implementation of the group's year 2000 programme represented the culmination of many years work. This comprehensive programme ensured the continued progress of the group's systems, processes and infrastructure.

All costs relating to the company's year 2000 preparations were borne by the Lloyds TSB Group plc and have been disclosed in that company's accounts.

On behalf of the board,



H S Rodgers
Secretary

2 February 2000

AUDITORS' REPORT TO THE SHAREHOLDER OF TSB FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditor

Company law 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 and of the results of the company for that year. In preparing those financial statements, 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 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 the financial position of the company and which enable them to ensure that the financial statements comply with the 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 responsibilities, as independent auditors, are established by United Kingdom statute, the Auditing Practices Board and by our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

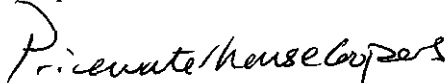
Basis of opinion

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 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 consider 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 company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

2 February 2000

TSB FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 DECEMBER 1999

NOTE

		1999 £000	1998 £000
	Turnover	-	-
	Cost of sales	-	-
	Gross profit	-	-
3	Administrative expenses	(1)	-
4	Interest receivable	6	9
	Profit on ordinary activities before taxation	5	9
5	Tax on profit/(loss) on ordinary activities	(2)	(3)
	Profit/(Loss) on ordinary activities after taxation	3	6
	Balance brought forward	23	17
	Balance carried forward	26	23

The notes on pages 6 to 8 form part of these accounts.

The company had no recognised gains and losses other than those reflected in the profit and loss account. There is no difference between the reported losses for the financial year as stated above and those that would be reported under the historical cost basis.

Turnover and operating profit are derived entirely from discontinued activities.

TSB FINANCIAL SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 1999

NOTE		1999 £000	1998 £000
	Current assets		
6	Debtors	1	2
7	Cash at bank	149	149
		150	151
8	Creditors: amounts falling due within one year	(4)	(8)
	Net assets	146	143
	Capital and reserves		
9	Called up share capital	120	120
	Profit and loss account	26	23
11	Equity shareholder's funds	146	143

The notes on pages 6 to 8 form part of these accounts.

C M Wiscarson

C M Wiscarson - Managing Director

NOTES TO THE ACCOUNTS

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.

Allocation of expenditure

Administrative expenses includes amounts recharged from other Lloyds TSB Group subsidiary undertakings on a basis to reasonably reflect the costs applicable to the Company. These expenses include pension contributions payable to the TSB Group Pension Scheme. Details of the scheme are contained in the accounts of Lloyds TSB Group plc.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

NOTE 2**Cash flow statement and related party transactions**

The company is a wholly owned subsidiary of Lloyds TSB Group plc and is included in the consolidated accounts of Lloyds TSB Group plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Lloyds TSB Group plc or investors of the Lloyds TSB Group plc.

NOTE 3**Administrative expenses**

The company does not directly employ any staff. Auditor's remuneration of £2,000 (1998: £5,000) is included in administrative expenses. Fees payable to the auditor or its affiliates for non-audit work were £0 (1998: £8,000). 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. Neither director exercised share options during the year (1998: nil).

NOTE 4**Interest receivable**

Interest receivable of £6,000 (1998: £9,000) is derived from group undertakings.

NOTE 5**Taxation**

1999	1998
£000	£000

Tax based on the profit/loss for the period comprises:

Group relief payable at 30.25% (1998: 31%)	2	3
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NOTES TO THE ACCOUNTS (Continued)**NOTE 6****Debtors**

	1999 £000	1998 £000
Amounts falling due within one year:		
Other debtors	1	2

NOTE 7**Cash at bank**

Cash at bank and in hand comprises amounts which are placed at commercial rates of interest with Lloyds TSB Bank plc, a parent company.

NOTE 8**Creditors**

	1999 £000	1998 £000
Amounts falling due within one year:		
Group relief payable	2	3
Accruals and deferred income	2	5
	4	8

NOTE 9**Share capital**

	1999 £000	1998 £000
Authorised, allotted, called up and fully paid ordinary shares of £1 each	120	120

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, 71 Lombard Street, London EC3P 3BS.

NOTES TO THE ACCOUNTS (Continued)**NOTE 10****Directors' interests**

The interests of Mr. R J Spragg, the only director of the company at the end of the year who was not also a director of Lloyds TSB Financial Services Holdings plc, in the capital of Lloyds TSB Group plc were:

Shares:

	At 31 December 1999	At 1 January 1999
R J Spragg	23,000	23,000

Options to acquire shares:

	At 1 January 1999	During the year		At 31 December 1999
		Granted	Exercised	
R J Spragg	26,705	6,500	-	33,205

Mr. Spragg did not have any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

NOTE 11**Equity shareholder's funds**

	1999 £000	1998 £000
Profit for the financial year	3	6
Net proceeds of issue of shares	-	-
Increase in shareholder's funds in the year	3	6
Opening shareholder's funds	143	137
Closing shareholder's funds	146	143

NOTE 12**Date of approval**

The directors approved the accounts on 2 February 2000.