

TSB FINANCIAL SERVICES LIMITED

REPORT AND ACCOUNTS

31 OCTOBER 1994

Registered Number: 2079683



TSB FINANCIAL SERVICES 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 the plan management of the TSB Group PEP and the TSB Group Single Company PEP.

Results

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

The directors propose a transfer to reserves of £11,000.

Directors

The directors of the Company during the year were:

L H W March
B A Reilly
J K Taylor (appointed 9 May 1994)

Directors' interests in shares

None of the directors had any interest in the share capital of the Company during the year.

Beneficial interests of the directors and their immediate families in Ordinary shares of 25p each in the Company's ultimate 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
B A Reilly	2,105	45,996	967	35,377
J K Taylor	-	23,221	-	17,912

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

L H W March exercised options over 13,274 shares during the year. The remaining directors 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)

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 does not employ directly any staff.

Auditors

The auditors, KPMG Peat Marwick, continue in office.

By Order of the Board.

A handwritten signature in black ink, appearing to read 'L. H. W. March', with a stylized flourish at the end.

L. H. W. March
Director
11th January 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 FINANCIAL SERVICES LIMITED

We have audited the accounts on pages 7 to 11.

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.

KPMG

KPMG
Chartered Accountants
Registered Auditors

Southampton

23 February 1995

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 OCTOBER 1994

NOTE		1994 £000	1993 £000
2	Turnover	2,274	1,001
	Cost of sales	(2,236)	(985)
	Gross profit	38	16
3	Administrative expenses	(25)	(15)
4	Interest receivable	4	1
	Profit on ordinary activities before taxation	17	2
5	Tax on profit on ordinary activities	(6)	(1)
	Profit on ordinary activities after taxation	11	1
	Balance brought forward	1	-
	Dividends	-	-
	Balance carried forward	12	1

The notes on pages 9 to 11 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.

All turnover and profits are derived from continuing operations.

TSB FINANCIAL SERVICES LIMITED REPORT AND ACCOUNTS 1994

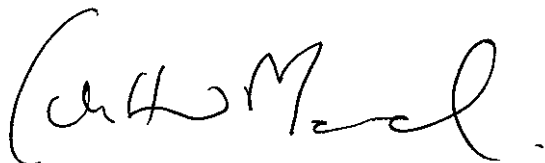
BALANCE SHEET

31 OCTOBER 1994

NOTE		1994 £000	1993 £000
	Current assets		
6	Debtors	17	8
7	Cash at bank and in hand	86	51
		<u>103</u>	<u>59</u>
8	Creditors: amounts falling due within one year	(61)	(28)
		<u>42</u>	<u>31</u>
	Capital and reserves		
9	Called up share capital	30	30
	Profit and loss account	12	1
		<u>42</u>	<u>31</u>

The notes on pages 9 to 11 form part of these accounts.

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



L. H. W. March
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 comprise the results of the activities described in the directors' report.

Turnover

Turnover arises from the sale of TSB shares to the PEP Scheme and from the management of the Personal Equity Plans.

Taxation

The charge for taxation is based on the profit for the year 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.

Cash flow statements

The ultimate 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**Turnover**

Turnover which all arises in the United Kingdom represents the following:

	1994	1993
	£000	£000
Proceeds from the sale of PEPs (after discounts)	2,247	991
Net remuneration from managing the PEPs	27	10
	<u>2,274</u>	<u>1,001</u>

NOTE 3**Administrative expenses**

Administrative expenses for the year ended 31 October 1994 include amounts recharged from the immediate holding company, TSB Trust Company Limited. These expenses include pension contributions paid to the TSB Group Pension Scheme. Details of the scheme are contained in the financial statements of TSB Group plc. The Company does not directly employ any staff. Auditors' remuneration of £12,750 (1993 £4,000) is included in administrative expenses. Fees payable to the auditors for other work were £4,950 (1993 £1,000). The emoluments of directors in respect of their services to the Company are considered to be negligible.

NOTE 4**Interest receivable**

Interest receivable of £3,858 (1993: £1,273) is derived from group companies.

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

NOTE 5			
Taxation		1994	1993
		£000	£000
Tax based on the profit for the year comprises:			
<u>Group relief payable at 33% (1993 33%)</u>		6	1
<hr/>			
NOTE 6			
Debtors		1994	1993
		£000	£000
Amounts falling due within one year:			
Trade debtors		16	7
<u>Amounts owed by group companies</u>		1	1
		17	8
<hr/>			
NOTE 7			
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 subsidiary of TSB Group plc.		
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NOTE 8			
Creditors		1994	1993
		£000	£000
Amounts falling due within one year:			
Group relief payable		6	1
<u>Accruals and deferred income</u>		55	27
		61	28
<hr/>			
NOTE 9			
Share capital		1994	1993
		£000	£000
<u>Authorised</u>		30	30
<u>Allotted, called-up and fully paid Ordinary shares of £1 each</u>		30	30
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NOTE 10			
Shareholders' funds	Share capital	Profit and loss account	Total
	£000	£000	£000
At 1 November 1993	30	1	31
<u>Retained profit for the year</u>	-	11	11
<u>At 31 October 1994</u>	30	12	42

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

NOTE 11

**Holding and
ultimate holding
company**

The results of TSB Financial Services Limited are consolidated by TSB Group plc. The immediate holding company is TSB Trust Company Limited, registered in England and Wales, and the ultimate holding company is TSB Group plc which is registered in Scotland. Its accounts are available from The Secretary, 60 Lombard Street, London EC3V 9DN.
