

# **TSB FINANCIAL SERVICES LIMITED**

## **ANNUAL REPORT AND ACCOUNTS 2003**

Registered number

2079683

Registered office

Charlton Place  
Andover  
Hampshire SP10 1RE

Directors

R J Whatford  
C Cameron

Company Secretary

S A Garrard



Member of Lloyds TSB Group

# TSB FINANCIAL SERVICES LIMITED

## Report of the directors

### Principal activity

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

### Results

The profit after taxation for the year ended 31 December 2003 was £2,000 (2002: £2,000) as set out in the profit and loss account on page 5.

### Directors

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

The following changes in directors have taken place during the year:

	Appointed	Resigned
Mr I D Thompson		21 <sup>st</sup> October
Mr R J Whatford	21 <sup>st</sup> October	

Reference is made on page 9 in note 9 to the interests of the directors in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

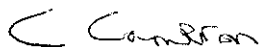
### Policy and practice on payment of creditors

The company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding payments to suppliers, information about it may be obtained from the DTI publication orderline 08700 1502500 quoting reference 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



C Cameron  
Director

28 June 2004

## **TSB FINANCIAL SERVICES LIMITED**

### **Independent auditors report**

#### **To the shareholder of TSB Financial Services Limited**

We have audited the financial statements set out on pages 5 to 10 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 United Kingdom 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 United Kingdom 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.

**Independent auditors' report (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 profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Southampton

29 June 2004

# TSB FINANCIAL SERVICES LIMITED

## Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Turnover		-	-
Administrative expenses	2	(2)	(2)
Interest receivable	3	5	5
<b>Profit on ordinary activities before taxation</b>		<u>3</u>	<u>3</u>
Tax on profit on ordinary activities	4	(1)	(1)
<b>Profit on ordinary activities after taxation</b>		<u>2</u>	<u>2</u>
Balance brought forward		<u>36</u>	<u>34</u>
Balance carried forward		<u><u>38</u></u>	<u><u>36</u></u>

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 profit for the financial year as stated above and those that would be reported under the historical cost basis.

There were no discontinued activities during the year.

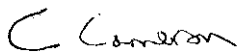
The notes on pages 7 to 10 form part of these accounts.

# TSB FINANCIAL SERVICES LIMITED

## Balance sheet

as at 31 December 2003

	Notes	2003 £'000	2002 £'000
<b>Current assets</b>			
Debtors	5	1	1
Cash at bank	6	170	166
		<u>171</u>	<u>167</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(13)</u>	<u>(11)</u>
<b>Net assets</b>		<u>158</u>	<u>156</u>
<b>Capital and reserves</b>			
Called up share capital	8	120	120
Profit and loss account		<u>38</u>	<u>36</u>
<b>Equity shareholder's funds</b>	11	<u>158</u>	<u>156</u>



C Cameron  
Director

The notes on pages 7 to 10 form part of these accounts.

# TSB FINANCIAL SERVICES LIMITED

## Notes to the accounts

### 1 Accounting policies

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. 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 has 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 undertakings, as the consolidated accounts of Lloyds TSB Group plc in which the Company is included are publicly available.

#### a) 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 that have been enacted or substantively enacted by the balance sheet date.

#### b) Interest receivable

Interest income is recognised in the profit and loss account as it accrues.

### 2. Administrative Expenses

The company does not directly employ any staff. Auditor's remuneration of £2,000 (2002:£2,000) is included in administrative expenses.

### 3. Interest receivable

Interest receivable of £5,000 (2002: £5,000) is derived from group undertakings.

### 4. Tax on profit of ordinary activities

	2003 £'000	2002 £'000
UK corporation tax – current year	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

# TSB FINANCIAL SERVICES LIMITED

## Notes to the accounts (continued)

### 4. Tax on profit of ordinary activities (continued)

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 profit before tax is given below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	<u>3</u>	<u>3</u>
Tax charge at UK corporation tax rate of 30%	<u>1</u>	<u>1</u>
Current tax charge	<u>1</u>	<u>1</u>

### 5 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Other debtors	<u>1</u>	<u>1</u>

### 6 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.

### 7 Creditors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Group relief payable	2	2
Accruals and deferred income	11	9
	<u>13</u>	<u>11</u>

# TSB FINANCIAL SERVICES LIMITED

## Notes to the accounts (continued)

### 8 Share Capital

	2003 £'000	2002 £'000
Authorised, allotted, called up and fully paid ordinary shares of £1 each	<u>120</u>	<u>120</u>

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.

### 9 Directors interests

The interests of the directors of the company at the end of the year, in the capital of Lloyds TSB Group plc were:

#### Shares:

	As at 31 December 2003	As at 1 January 2003 or later date of appointment
R J Whatford	33,863	33,788
C Cameron	6,223	4,832

#### Options to acquire shares:

	As at 1 January 2003 or later date of appointment	During the year			As at 31 December 2003
		Granted	Exercised	*Lapsed	
R J Whatford	453,261	-	-	-	453,261
C Cameron	16,003	17,197	-	4,736	28,464

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

# TSB FINANCIAL SERVICES LIMITED

## Notes to the accounts (continued)

### 10 Director's emoluments

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

### 11 Movement in shareholder's funds

	2003 £'000	2002 £'000
Profit for the financial year	<u>2</u>	<u>2</u>
Increase in shareholder's funds in the year	<u>2</u>	<u>2</u>
Opening shareholder's funds	156	154
Closing shareholder's funds	<u><u>158</u></u>	<u><u>156</u></u>

### 12 Date of approval

The directors approved the accounts on 28 June 2004.