

TSB FINANCIAL SERVICES LIMITED

ANNUAL REPORT AND ACCOUNTS 2004

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 2004 was £3,000 (2003: £2,000) as set out in the profit and loss account on page 6.

No dividend was paid or proposed during 2004 (2003: nil).

Directors

The names of the current directors are shown on page 1.
There have been no changes in directors in 2004.

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:

Ordinary shares of 25p each:

	As at 31 December 2004	As at 1 January 2004
R J Whatford	35,169	33,891
C Cameron	7,881	6,223

Options to acquire ordinary shares of 25p each:

	As at 1 January 2004	Granted	During the year		As at 31 December 2004
			Exercised	Lapsed	
R J Whatford	453,261	149,075	-	-	602,336
C Cameron	28,464	11,449	-	-	39,913

Responsibilities of directors

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.

TSB FINANCIAL SERVICES LIMITED

Report of the directors (continued)

Responsibilities of directors (continued)

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.

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.

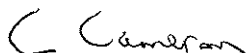
The company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the company owed no amounts to trade creditors at 31 December 2004, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2003: nil).

Auditors

Pricewaterhouse Coopers LLP have indicated their willingness to continue in office and a resolution re-appointing them as auditors and authorising the directors to set their remuneration will be proposed at the annual general meeting of Lloyds TSB Group plc.

On behalf of the board.



C Cameron
Director

14th July 2005

TSB FINANCIAL SERVICES LIMITED

Independent auditors report

To the shareholder of TSB Financial Services 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' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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.

TSB FINANCIAL SERVICES LIMITED

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 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

20 July 2005

TSB FINANCIAL SERVICES LIMITED

Profit and loss account for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Administrative expenses	2	(2)	(2)
Interest receivable	3	6	5
Profit on ordinary activities before taxation		<u>4</u>	<u>3</u>
Taxation on profit on ordinary activities	4	(1)	(1)
Profit on ordinary activities after taxation		<u>3</u>	<u>2</u>
Balance brought forward		<u>38</u>	<u>36</u>
Balance carried forward		<u>41</u>	<u>38</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.

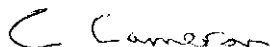
The results for the year are wholly attributable to continuing operations.

The notes on pages 8 to 10 form part of these accounts.

TSB FINANCIAL SERVICES LIMITED

Balance sheet as at 31 December 2004

	Notes	2004 £'000	2003 £'000
Current assets			
Debtors	5	-	1
Cash at bank	6	176	170
		<u>176</u>	<u>171</u>
Creditors: amounts falling due within one year	7	<u>(15)</u>	<u>(13)</u>
Net current assets		<u>161</u>	<u>158</u>
Capital and reserves			
Called up share capital	8	120	120
Profit and loss account		<u>41</u>	<u>38</u>
Equity shareholder's funds	10	<u>161</u>	<u>158</u>



C Cameron
Director

The notes on pages 8 to 10 form part of these accounts.

TSB FINANCIAL SERVICES LIMITED

Notes to the accounts

1. Accounting policies

a) Accounting convention

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.

b) 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.

c) 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 (2003: £2,000) is included in administrative expenses.

3. Interest receivable

Interest receivable of £6,000 (2003: £5,000) is derived from group undertakings.

TSB FINANCIAL SERVICES LIMITED

Notes to the accounts (continued)

4. Taxation on profit of ordinary activities

	2004 £'000	2003 £'000
UK corporation taxation – current year	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

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

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	<u>4</u>	<u>3</u>
Taxation charge at UK corporation taxation rate of 30%	<u>1</u>	<u>1</u>
Current taxation charge	<u>1</u>	<u>1</u>

5. Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Other debtors	<u>-</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

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Group relief payable	3	2
Accruals and deferred income	10	9
Amount owed to group undertaking	2	2
	<u>15</u>	<u>13</u>

TSB FINANCIAL SERVICES LIMITED

Notes to the accounts (continued)

8. Share Capital

	2004 £'000	2003 £'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' 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.

None of the directors exercised share options (2003: none).

10. Movement in shareholder's funds

	2004 £'000	2003 £'000
Profit for the financial year	<u>3</u>	<u>2</u>
Increase in shareholder's funds in the year	<u>3</u>	<u>2</u>
Opening shareholder's funds	158	156
Closing shareholder's funds	<u>161</u>	<u>158</u>

11. Date of approval

The directors approved the accounts on 14th July 2005.