

**ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS 1998**

**Directors**

P F Hook - Chairman  
J M Bury  
M P Kilbee

**Secretary**

S N O'Connor

**Registered Office**

71 Lombard Street  
London EC3P 3BS

**Registered Number**

2104258

Member of Lloyds TSB Group



# **ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

## **REPORT OF THE DIRECTORS**

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The Company sold its remaining mortgage loans on 31 May 1998 and has not traded since that date. The profit on disposal is disclosed in note 6.

### **RESULTS AND DIVIDEND**

The profit after taxation for the year ended 31 December 1998 amounted to £171,000 as set out in the profit and loss account on page 5. An interim dividend of £220,167 was paid in July.

### **DIRECTORS AND THEIR INTERESTS**

The names of the Directors of the Company are shown on page 1. The following changes in Directors have taken place during the year and since the balance sheet date:

D A Baggaley - resigned 6 March 1998  
M P Kilbee - appointed 6 March 1998  
J M Bury - appointed 12 April 1999

The interests of the Director who was a Director of the Company at 31 December 1998 but who was not also a Director of Lloyds UDT Finance Limited in the capital of Lloyds TSB Group plc was:

Shares:

	At 31 December 1998	At date of Appointment
M P Kilbee	32,271	33,187

Options to acquire shares:

	At date of Appointment	Since appointment during the year	At 31 December 1998
		Granted	Exercised
M P Kilbee	12,146	-	12,146

M P Kilbee had no other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

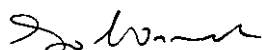
### **AUDITORS**

Our auditors, Price Waterhouse, merged with Coopers & Lybrand on 1 July 1998 and the Directors appointed the new firm, PricewaterhouseCoopers, on 26 September 1998.

### **YEAR 2000**

As the Company is non-trading, it is considered that there will be no problems arising from the failure of systems to recognise date before, on or after 1 January 2000.

On behalf of the Board



.....  
S N O'Connor  
Secretary

18 August 1999

## **ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

### **ACCOUNTING POLICIES**

#### **ACCOUNTING CONVENTION**

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

#### **CASH FLOW STATEMENT**

The Company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 (revised) is included in the accounts of its ultimate parent undertaking, Lloyds TSB Group plc.

#### **INVESTMENTS**

Mortgage loans are shown at cost less amounts written off.

#### **DEFERRED TAXATION**

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable.

#### **TURNOVER**

Turnover, which represents interest on mortgage loans and other operating income, is included in the profit and loss account on an accruals basis.

#### **RELATED PARTY TRANSACTIONS**

The Company is exempted from reporting intra-group related party transactions in accordance with the requirements of Financial Reporting Standard 8 because it is wholly owned by Lloyds TSB Group plc.

**ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1998**

	<u>NOTE</u>	<u>1998</u> £000	<u>1997</u> £000
<b>INVESTMENTS</b>			
Mortgage loans	6	-	578
<b>CURRENT ASSETS</b>			
Corporation tax receivable		-	408
Amounts due from group undertakings	1	297	-
		<hr/>	<hr/>
		297	408
		<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Corporation tax payable		77	57
Amounts due to group undertakings		-	730
Dividends payable		220	150
		<hr/>	<hr/>
		297	937
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		-	( 529)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS LIABILITIES</b>		-	49
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	2	-	-
Profit and loss account		-	49
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS - EQUITY INTERESTS</b>		-	49
		<hr/>	<hr/>



.....  
M P Kilbee  
Director

**ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998**

	<u>NOTE</u>	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Turnover	3	34	82
Operating Charges	4	64	83
Profit on sale of mortgage loans	6	131	-
Interest receivable from group undertakings		19	24
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		248	189
Taxation	5	( 77 )	( 57 )
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		171	132
Dividends		( 220 )	( 150 )
		<hr/>	<hr/>
RETAINED LOSS FOR THE YEAR		( 49 )	( 18 )
		<hr/>	<hr/>

**RECONCILIATION OF SHAREHOLDERS' FUNDS AND**

**STATEMENT OF RETAINED PROFITS**

	<u>1998</u> <u>£000</u>	<u>1997</u> <u>£000</u>
Balance at 1 January	49	67
Retained loss for the year	( 49 )	( 18 )
	<hr/>	<hr/>
Balance at 31 December	-	49
	<hr/>	<hr/>

There are no recognised gains and losses other than those in the profit and loss account and all operations are discontinued.

**ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 1998**

1. **AMOUNTS DUE FROM GROUP UNDERTAKINGS**

This includes amounts due from Lloyds UDT Finance Limited of £297,000 (1997 - £NIL).

2. **CALLED UP SHARE CAPITAL**

	<u>1998</u> £	<u>1997</u> £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	—	—
Allotted 100 ordinary shares of £1 each fully paid	100	100
	—	—

3. **TURNOVER**

	<u>1998</u> £000	<u>1997</u> £000
Interest on mortgage loans	29	68
Other operating income	5	6
Other interest receivable	-	8
	—	—
	34	82
	—	—

The Company operated in one class of business in the UK only.

4. **OPERATING CHARGES**

Operating charges includes Auditors' remuneration of £1,500 (1997 - £1,500) for audit services and the surplus on sale of mortgage loans (see note 6).

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**

The taxation charge is based on the profit for the year and a tax rate of 31% (1997: 31.5%) and is made up as follows:

	<u>1998</u> £000	<u>1997</u> £000
On profit for the year:		
Corporation tax	77	57
Adjustment to prior years:		
Corporation tax	-	( 24)
Group relief	-	24
	—	—
	77	57
	—	—

**ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 1998**

**6. PROFIT ON SALE OF MORTGAGE LOANS**

On 31 May 1998, the Company disposed of all remaining mortgage loans. The net book value of the loans at the date of disposal was £589,000 and the disposal resulted in a profit of £131,000, net of disposal costs.

**7. GROUP ACCOUNTS**

The Company regarded by the Directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent company of the largest group of companies for which group accounts are drawn up and of which the Company is a member.

Lloyds UDT Finance Limited is the parent company of the smallest such group of companies.

Copies of the group accounts are available to the public from:-

Lloyds TSB Group plc  
71 Lombard Street  
London  
EC3P 3BS

Lloyds UDT Finance Limited  
Finance House  
51 Holdenhurst Road  
Bournemouth  
Dorset  
BH8 8EP

**8. DATE OF APPROVAL**

The Directors approved the accounts on 18 August 1999.

**ABBAY LIFE EXECUTIVE MORTGAGES LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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.



**ABBEY LIFE EXECUTIVE MORTGAGES LIMITED**  
**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**ABBEY LIFE EXECUTIVE MORTGAGES LIMITED**

We have audited the accounts on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors are responsible for the preparation of the accounts as described on page 8. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 accounts.

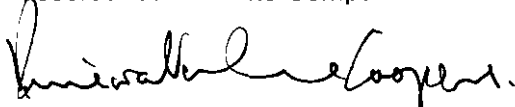
**BASIS OF OPINION**

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 and the group'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 evaluate 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 affairs of the Company as at 31 December 1998 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**  
**The Quay**  
**30 Channel Way**  
**Ocean Village**  
**Southampton**  
**SO14 3QG**

**18 August 1999**