

TARGET CORPORATE SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE THIRTEEN MONTH PERIOD ENDED 31 OCTOBER 1995

COMPANY NUMBER: 2156636



TARGET CORPORATE SERVICES LIMITED

DIRECTORS' REPORT

Directors: B H Portman (Chairman)
W F Au
P D Clarke
I G Graham
P Phelps

Secretary: A D Macnaughton

Registered Office: NLA Tower
12-16 Addiscombe Road
CROYDON
Surrey CR9 2DR

The directors present their report and the audited accounts of the Company for the thirteen month period ended 31 October 1995.

Principal activity

The principal activity of the Company is and is expected to continue to be the provision of services for the Kindford Group of Companies.

Results

The results for the period are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a final dividend for the period (1994 £Nil). An amount of £8,210,000 has been transferred to reserves.

Fixed asset investments

Details of significant movements in fixed asset investments are shown in note 8 to the accounts.

Directors

Mr B H Portman, Mr P D Clarke and Miss W F Au were appointed as Directors of the Company on 8 January 1996.

The other directors listed above were directors of the Company throughout the period.

TARGET CORPORATE SERVICES LIMITED

DIRECTORS' REPORT - Continued

Directors' interests in shares

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

Beneficial interests of the directors and their immediate families in ordinary shares of 25p each in the Company's ultimate parent undertaking, TSB Group plc (subsequently re-named Lloyds TSB Group plc), are set out in the accounts of the Company's immediate holding company, Kindford Limited.

Directors' and officers' liability insurance

Lloyds TSB Group plc maintains directors' and officers' liability insurance in respect of the Company.

By order of the Board.


A. D. Macnaughton
Secretary

2nd
August 1996

TARGET CORPORATE SERVICES LIMITED

Statement of Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare accounts 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 financial year and of the profit or loss for the financial year. They are also required to prepare the accounts on a going concern basis unless this is inappropriate.

The directors consider that in preparing the accounts on pages 5 to 14 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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 accounts comply with the Companies Act 1985.

The directors 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.

TARGET CORPORATE SERVICES LIMITED

Report of the auditors, KPMG, to the members of

Target Corporate Services Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors.

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

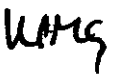
Basis of opinion

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 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 as at 31st October 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
Registered Auditors
London

2nd August 1996

TARGET CORPORATE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

		For 13 months ended 31st October 1995 £000	For year ended 30th September 1994 £000
	Note		
Turnover	3	9,659	9,556
Cost of sales		(19,154)	(10,326)
		<hr/>	<hr/>
Loss on ordinary activities before tax	4	(9,495)	(770)
Tax on loss on ordinary activities	7	1,285	888
		<hr/>	<hr/>
Retained (loss)/profit for the financial period		(8,210)	118
		=====	=====

The accounting policies and notes on pages 8 to 14 form part of these accounts.

TARGET CORPORATE SERVICES LIMITED

Statement of Total Recognised Gains and Losses

	For 13 months ended 31st October 1995 £000	For year ended 30th September 1994 £000
Retained (loss)/profit	(8,210)	118
Revaluation of freehold building	(446)	-
	<hr/>	<hr/>
Total recognised (losses)/profits	(8,656)	118
	<hr/>	<hr/>

Statement of Historical Cost Profits and Losses

	For 13 months ended 31st October 1995 £000	For year ended 30th September 1994 £000
Retained (loss)/profit	(8,210)	118
Writedown of freehold buildings	2,019	-
	<hr/>	<hr/>
Historical cost (loss)/profit	(6,191)	118
	=====	=====

The accounting policies and notes on pages 8 to 14 form part of these accounts.

The reconciliation of movements in shareholders' funds is shown in note 13.

TARGET CORPORATE SERVICES LIMITED

BALANCE SHEET

	Note	As at 31st October 1995 £000	As at 30th September 1994 £000
FIXED ASSETS			
Tangible assets	8	1,713	4,317
CURRENT ASSETS			
Debtors	9	1,716	1,010
CREDITORS			
Amounts falling due within one year	10	(16,420)	(12,575)
NET CURRENT LIABILITIES		(14,704)	(11,565)
TOTAL ASSETS LESS CURRENT LIABILITIES		(12,991)	(7,248)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(15,250)	(12,337)
TOTAL NET LIABILITIES		(28,241)	(19,585)
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Capital reserves	13	-	476
Profit and loss account	13	(28,241)	(20,061)
		(28,241)	(19,585)

These accounts were approved by the Board of Directors on 2nd August 1996.

B H Portman

Director

B. Portman

W F Au

Director

Wai-fong Au

The accounting policies and notes on pages 8 to 14 form part of these accounts.

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The accounts have been prepared under the historical cost convention, as modified by the revaluation of freehold properties, and in accordance with applicable accounting standards and S226 of, and Schedule 4 to, the Companies Act 1985.

The accounts do not include a cash flow statement because, in accordance with Financial Reporting Standard 1, the Company's ultimate holding company, TSB Group plc, includes such a statement in its consolidated accounts.

The accounts have been prepared on a going concern basis, on the assumption that TSB Group plc will continue to provide adequate financial support. TSB Group has confirmed its willingness to provide such support.

b) Depreciation

Depreciation on freehold buildings is provided on a straight line basis at two per cent per annum. No depreciation is provided on freehold land. Other tangible fixed assets are written off by equal instalments over their estimated useful lives of between three and five years.

c) Deferred tax

Deferred tax is provided on short term timing differences, and on the differences between capital allowances and depreciation if material, only to the extent that it is probable that an actual liability or recovery will crystallise.

d) Computer development expenditure

All costs related to computer development expenditure have been treated as revenue items and written off when incurred.

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

CONTINUED

e) Leasing

Assets held under finance leases and the related obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

f) Vacant Leasehold Property

When a leasehold property ceases to be used for the purposes of the business, or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease.

g) Foreign currencies

Foreign currency balances have been converted into sterling at rates ruling at the balance sheet date. Any differences arising therefrom are taken to the profit and loss account.

h) The accounting year end has changed from 30th September to 31st October and the accounts reflect this change.

2. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Lloyds TSB Group plc (formerly TSB Group Plc), which is registered in Scotland. The Company's parent undertaking is Kindford Limited, which is registered in England and Wales.

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

CONTINUED

2. ULTIMATE PARENT UNDERTAKING - Continued

Lloyds TSB Group Plc is the parent undertaking of the largest and smallest group of companies for which group accounts are prepared. The Company does not prepare and deliver group accounts because it is included in the consolidated accounts for Lloyds TSB Group plc, copies of which may be obtained from the Secretary, Lloyds TSB Group plc, 71 Lombard Street, London, EC3P 3BS.

3. TURNOVER AND RESULTS BEFORE TAX

During the 13 months ended 31st October 1995, all the Company's turnover arose in the United Kingdom and, together with the results on ordinary activities before tax, is attributable to the provision of services for other group companies.

4. LOSS ON ORDINARY ACTIVITIES

	For 13 months ended 31st October 1995 £000	For year ended 30th September 1994 £000
Loss on ordinary activities before tax is stated after charging:-		
Depreciation	116	121
Loss/(profit) on disposal of tangible fixed assets	7	(7)
Hire of plant and machinery - operating leases	44	54
Hire of other assets - operating leases	-	4
Auditors' remuneration	20	20
Auditors' remuneration for non- audit work	14	-
Exceptional provision for compliance cost	138	402
Exceptional write down of freehold buildings	2,019	-
Exceptional reorganisation costs	5,969	-

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

CONTINUED

5. GROUP EMPLOYEES

	For 13 months ended 31st October 1995	For year ended 30th September 1994
Average number of employees by activity:		
Administration	178 =====	218 =====
	For 13 months ended 31st October 1995 £000	For year ended 30th September 1994 £000
Wages and salaries	2,973	3,272
Social security costs	230	249
	<hr/> 3,203 =====	<hr/> 3,521 =====

PENSION COSTS

The Company is a member of the TSB Group Pension Scheme. The scheme is of the defined benefit, final salary type, self administered and funded to cover future pension liabilities including expected future earnings and pension increases. Formal actuarial valuations are carried out by qualified actuaries annually. The latest valuation was carried out at 1 November 1994. Details of the most recent actuarial valuation and main actuarial assumptions are disclosed in the accounts of Lloyds TSB Group Plc. The actuaries to the scheme are employed by Noble Lowndes & Partners Limited.

No charge in respect of pensions arose during the year (1994 - nil). On the advice of the scheme's actuaries, Group Funding is suspended and is unlikely to be required during the next financial year.

6. DIRECTORS' EMOLUMENTS

The directors and Chairman received no remuneration in respect of their services to the company (1994 - £124,355). There were no loans, quasi-loans or other dealings in favour of the directors of a kind described in Section 330 of the Companies Act 1985 during the period.

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

CONTINUED

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	For 13 months ended 31st October 1995 £000	For year ended 30th September 1994 £000
Group relief receivable at a rate of 33% (1994: 33%)	1,224	888
Prior year	61	-
	<hr/>	<hr/>
	1,285	888
	=====	=====

8. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £000	Plant and Equipment £000	Motor Vehicles £000	Total £000
Cost				
At 1st October 1994	4,400	55	203	4,658
Additions	-	-	48	48
Disposals	-	-	(101)	(101)
Revaluation	(2,465)	-	-	(2,465)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st October 1995	1,935	55	150	2,140
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1st October 1994	(264)	(35)	(42)	(341)
Charge for the period	(71)	(15)	(29)	(115)
Disposals	-	-	29	29
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st October 1995	(335)	(50)	(42)	(427)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31st October 1995	1,600	5	108	1,713
	=====	=====	=====	=====
Net book value				
At 30th September 1994	4,136	20	161	4,317
	=====	=====	=====	=====

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

CONTINUED

The revaluation of £2,465,000 above represents the downward revaluation of the freehold property. An amount of £446,000 has been charged against the revaluation reserve and £2,019,000 included in the result before tax (see note 4).

The freehold property was valued by a member of the Royal Institute of Chartered Surveyors and was prepared in accordance with the Statements of Asset Valuation Practice and Guidance notes published by the Assets Valuation Standards Committee.

The building element is 75% of the total value. The comparable historical cost and cumulative provision for depreciation for these assets is £3,989,000 and £359,010 respectively.

9. DEBTORS

	As at 31st October 1995 £000	As at 30th September 1994 £000
Amounts falling due within one year:		
Prepayments	489	115
Group relief receivable	1,224	888
Other debtors	3	7
	<hr/>	<hr/>
	1,716	1,010
	=====	=====

10. CREDITORS

	As at 31st October 1995 £000	As at 30th September 1994 £000
Amounts falling due within one year:		
Bank overdrafts	322	515
Trade creditors	-	78
Amounts owed to parent and fellow subsidiary undertakings	14,465	10,376
Other creditors	79	125
Accruals and deferred income	1,554	1,481
	<hr/>	<hr/>
	16,420	12,575
	=====	=====

TARGET CORPORATE SERVICES LIMITED

NOTES TO THE ACCOUNTS

CONTINUED

11. PROVISIONS FOR LIABILITIES AND CHARGES

	As at 31st October 1995 £000	As at 30th September 1994 £000
Provision for compliance costs	703	1,031
Provision for redundancy costs	-	314
Provision for closed property costs	10,417	10,992
Provision for merger costs	4,130	-
	<hr/>	<hr/>
	15,250	12,337
	=====	=====

12. CALLED UP SHARE CAPITAL

	As at 31st October 1995 and as at 30th September 1994 No.	£
Authorised:		
Ordinary £1 shares	50,000	50,000
	=====	=====
Allotted, issued and fully paid:		
Ordinary £1 shares	2	2
	=====	=====

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Capital Reserves	Profit and loss account	Total 1995	Total 1994
	£000	£000	£000	£000
Beginning of period	446	(20,031)	(19,585)	(19,703)
Retained (loss)/profit for the year		(8,210)	(8,210)	118
Revaluation of freehold buildings	(446)	-	(446)	-
	<hr/>	<hr/>	<hr/>	<hr/>
End of period	-	(28,241)	(28,241)	(19,585)
	=====	=====	=====	=====