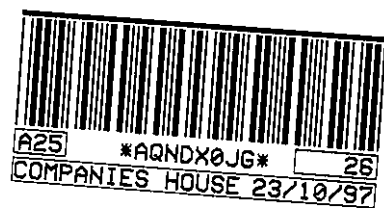


**TARGET CORPORATE SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE FOURTEEN MONTHS ENDED 31 DECEMBER 1996**



**Company Number : 2156636**

**Member of Lloyds TSB Group**

# **TARGET CORPORATE SERVICES LIMITED**

## **DIRECTORS' REPORT**

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

**Secretary:**                    **A D Macnaughton**

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

---

The directors present their report and the audited financial statements of the Company for the fourteen month period ended 31 December 1996.

### **Principal Activity**

The principal activity of the Company was to be the provider of services for the Kindford Group. This activity is not expected to continue in 1997.

### **Change of Financial Year End**

The accounting reference date of the Company was changed during the period from 31 October to 31 December.

### **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 (1995 : £Nil). A retained profit of £1,530,000 has been transferred to reserves (1995 : (£8,210,000)).

### **Fixed Assets**

Details of significant movements in fixed assets are shown in note 7 to the financial statements.

## TARGET CORPORATE SERVICES LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### 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. Mr P Phelps resigned as a director of the Company on 1 July 1997.

Ms I G Graham was a director of the Company throughout the period.

#### 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, 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.

#### Creditor Payment Policy

Subsidiaries of Lloyds TSB Group plc are responsible for agreeing terms and conditions with their suppliers. In the UK standard terms are to pay all invoices no later than 30 days after the date of the invoice except where different terms have been specifically agreed with a supplier. It is the policy of the Group to abide by the agreed terms of payment.

By order of the Board.



A D MACNAUGHTON  
Secretary

Date : 17 OCTOBER 1997

## **TARGET CORPORATE SERVICES LIMITED**

### **Statement of Directors' Responsibilities**

Company law requires directors to prepare financial statements for each financial period which give a true and fair view of the Company's state of affairs and of the profit or loss of the Company for that period.

In preparing these 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- prepare the financial statements on the 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 the financial position of the Company and which 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.

## **TARGET CORPORATE SERVICES LIMITED**

### **Report of the Auditors to the members of Target Corporate Services Ltd**

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 8 and 9.

### **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 affairs of the Company as at 31st December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**PRICE WATERHOUSE**  
**Chartered Accountants and**  
**Registered Auditors**  
London

Date: 17 October 1997

# TARGET CORPORATE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE FOURTEEN MONTH PERIOD ENDED 31 DECEMBER 1996

	Note	For 14 months ended 31st December 1996 £000	For 13 months ended 31st October 1995 £000
Turnover	3	86	9,659
Administrative expenses		(783)	(19,154)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	4	(697)	(9,495)
Tax on loss on ordinary activities	6	2,227	1,285
		<hr/>	<hr/>
<b>Retained profit / (loss) for the financial period</b>		<u>1,530</u>	<u>(8,210)</u>

All of the amounts above are in respect of continuing operations.

The Company has no recognised gains or losses other than the profit for the period.

The accounting policies and notes on pages 8 to 14 form an integral part of these financial statements.

## TARGET CORPORATE SERVICES LIMITED

### Statement of Total Recognised Gains and Losses

	For 14 months ended 31st December 1996 £000	For 13 months ended 31st October 1995 £000
Retained profit/(loss)	1,530	(8,210)
Revaluation of freehold building	-	(446)
	<hr/>	<hr/>
<b>Total recognised profit / (loss)</b>	<u><u>1,530</u></u>	<u><u>(8,656)</u></u>

### Note of Historical Cost Profits and Losses

	For 14 months ended 31st December 1996 £000	For 13 months ended 31st October 1995 £000
Reported profit / (loss) on ordinary activities before taxation	1,530	(8,210)
Writedown of freehold buildings	-	2,019
	<hr/>	<hr/>
<b>Historical cost profit / (loss)</b>	<u><u>1,530</u></u>	<u><u>(6,191)</u></u>


The accounting policies and notes on pages 8 to 14 form an integral part of these financial statements.

The reconciliation of movements in shareholders' funds is shown in note 12.

**TARGET CORPORATE SERVICES LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 1996**

	Note	As at 31st December 1996 £000	As at 31st October 1995 £000
<b>Fixed Assets</b>			
Tangible assets	7	1,621	1,713
<b>Current Assets</b>			
Debtors	8	2,600	1,716
<b>Creditors :</b>			
Amounts falling due within one year	9	(22,220)	(16,420)
<b>Net Current Liabilities</b>		(19,620)	(14,704)
<b>Total Assets less Current Liabilities</b>		(17,999)	(12,991)
<b>Provision for Liabilities and Charges</b>	10	(8,712)	(15,250)
<b>Total Net Liabilities</b>		(26,711)	(28,241)
<b>Capital and Reserves</b>			
Called up share capital	11	-	-
Profit and loss account	13	(26,711)	(28,241)
<b>Equity Shareholders' Funds</b>		(26,711)	(28,241)
<b>Non-Equity Shareholders' Funds</b>		-	-
<b>Equity Shareholders' Funds</b>	12	(26,711)	(28,241)

The financial statements on pages 5 to 14 were approved by the board of directors on 17 OCTOBER 1997 and were signed on its behalf by:-

  
**B H Portman**  
**Director**

The accounting policies and notes on pages 8 to 14 form an integral part of these financial statements.



# **TARGET CORPORATE SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 1996**

### **1 ACCOUNTING POLICIES**

#### **a) Accounting Convention**

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

#### **b) Financial Reporting Exemptions**

The Company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 (revised) and of the exemption from disclosing group related party transactions under Financial Reporting Standard No. 8 on the grounds that the Company is a wholly owned subsidiary whose ultimate parent undertaking prepares consolidated statements which are publicly available.

#### **c) 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.

#### **d) Computer development expenditure**

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

#### **e) 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.

# TARGET CORPORATE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 1996

### 1 ACCOUNTING POLICIES (CONTINUED)

#### f) 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.

### 2 ULTIMATE PARENT UNDERTAKING

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

### 3 TURNOVER AND RESULTS BEFORE TAX

During the 14 months ended 31st December 1996, all the Company's turnover arose in the United Kingdom and, together with the results on ordinary activities before taxation, is attributable to the provision of services for other group companies.

### 4 LOSS ON ORDINARY ACTIVITIES

	For 14 months ended 31st December 1996 £000	For 13 months ended 31st October 1995 £000
Loss on ordinary activities before tax is stated after charging :		
Depreciation	58	116
Loss on disposal of tangible fixed assets	-	7
Hire of plant and machinery- operating leases	-	44
Hire of other assets - operating leases	-	-
Auditors' remuneration	-	20
Auditors' remuneration for non-audit work	-	14
Exceptional provision for compliance cost	-	138
Exceptional write down of freehold buildings	-	2,019
Exceptional reorganisation costs	-	5,969

Auditors' remuneration for the fourteen months ended 31 December 1996 was borne by Kindford Limited.

# TARGET CORPORATE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 1996

### 5 GROUP EMPLOYEES

	For 14 months ended 31st December 1996	For 13 months ended 31st October 1995
Average number of employees by activity:		
Administration	-	178
	<u>-</u>	<u>178</u>
	For 14 months ended 31st December 1996 £000	For 13 months ended 31st October 1995 £000
Wages and salaries	-	2,973
Social security costs	-	230
	<u>-</u>	<u>230</u>
	<u>-</u>	<u>3,203</u>

With effect from 1 November 1995, the Company ceased to be the employer of staff for the Kindford Group. Hill Samuel Investment Services Group have now taken over the responsibility for employing members of staff and contractors. Full disclosure of all these related costs are made in the accounts of that Company.

### 6 TAX ON LOSS ON ORDINARY ACTIVITIES

	For 14 months ended 31st December 1996 £000	For 13 months ended 31st October 1995 £000
Group relief receivable at a rate of 33% (1995: 33%)	2,227	1,224
Prior year	-	61
	<u>2,227</u>	<u>1,285</u>

**TARGET CORPORATE SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 1996**

**7 TANGIBLE FIXED ASSETS**

	Freehold Land & Buildings £000	Plant and Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At 31st October 1995	1,935	55	150	2,140
Disposals	-	-	(51)	(51)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1996	1,935	55	99	2,089
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 31st October 1995	(335)	(50)	(42)	(427)
Charge for the period	(29)	(5)	(24)	(58)
Disposals	-	-	17	17
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1996	(364)	(55)	(49)	(468)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31st December 1996	<u>1,571</u>	<u>-</u>	<u>50</u>	<u>1,621</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31st October 1995	<u>1,600</u>	<u>5</u>	<u>108</u>	<u>1,713</u>
	<hr/>	<hr/>	<hr/>	<hr/>

**TARGET CORPORATE SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 1996**

**8 DEBTORS**

	As at 31st December 1996 £000	As at 31st October 1995 £000
Amounts owed by group undertakings	2,547	1,224
Other debtors	15	3
Prepayments and accrued income	38	489
	<u>2,600</u>	<u>1,716</u>

**9 CREDITORS : Amounts falling due within one year**

	As at 31st December 1996 £000	As at 31st October 1995 £000
Bank overdrafts	-	322
Amounts owed to group undertakings	19,619	14,465
Other creditors	2,128	79
Accruals and deferred income	473	1,554
	<u>22,220</u>	<u>16,420</u>

**TARGET CORPORATE SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 1996**

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Provision for compliance costs £000</b>	<b>Provision for property costs £000</b>	<b>Provision closed merger costs £000</b>	<b>Total £000</b>
At the start of the period	703	10,417	4,130	15,250
Charged to profit and and loss account	85	779	-	864
Utilised in period	-	(3,146)	(4,256)	(7,402)
At the end of the period	<u>788</u>	<u>8,050</u>	<u>(126)</u>	<u>8,712</u>

**11 CALLED UP SHARE CAPITAL**

	As at 31st December 1996 and as at 31st October 1995	
	No.	£
Authorised:		
Ordinary £1 shares	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid:		
Ordinary £1 shares	2	2
	<u>2</u>	<u>2</u>

**TARGET CORPORATE SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 1996**

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £000	1995 £000
At the start of the period	(28,241)	(19,585)
Retained profit / (loss) for the period	1,530	(8,210)
Revaluation of freehold buildings	-	(446)
At the end of the period	<u>(26,711)</u>	<u>(28,241)</u>

**13 PROFIT AND LOSS ACCOUNT**

	£000
At 1.11.1995	(28,241)
Retained profit for the period	1,530
At 31.12.1996	<u>(26,711)</u>