TSB GENERAL INSURANCE SERVICES LIMITED

REPORT AND ACCOUNTS 1999

Registered Number: 2376164

Registered Office:

Charlton Place
Andover
Hampshire, SP10 1RE

Directors

J.C.Pain (Managing Director)

G.W.Fillery

Company Secretary

H.S. Rodgers

Member of Lloyds TSB Group

REPORT OF THE DIRECTORS

Principal activity

The principal activity of the company is to arrange general insurance underwritten by authorised insurers.

Results and Dividends

The profit after taxation for the year ended 31 December 1999 amounted to £2,326,000 (year ended 31 December 1998: £2,300,000), as set out in the profit and loss account on page 5.

Directors

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

Mr D. Holt resigned as a director and chairman on 7 February 2000. Mr P.J. Hubbard resigned as a director on 7 February 2000.

Mr J.C. Pain and Mr G.W. Fillery were appointed directors on 7 February 2000.

Reference is made on page 10 in note 12 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 the making of payments to suppliers. A copy of the code and information about it may be obtained from the Department of Trade and Industry, No.1 Victoria Street, London, SW1H 0ET.

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 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 1999, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (1998: nil).

Year 2000

The company recognised the far-reaching implications of the problems which might have arisen from the failure of systems to acknowledge dates before, on or after 1 January 2000, and its policy was to ensure that the systems and business processes were not affected by these problems.

The successful implementation of the company's year 2000 programme represented the culmination of many years work. This comprehensive programme ensured the continued progress of the company's systems, processes and infrastructure.

All costs relating to the company's Year 2000 preparations were borne by Lloyds TSB Insurance Services Limited and have been disclosed in that company's accounts.

On behalf of the board

H S Rodgers
Secretary

23rd August 2000

AUDITORS' REPORT TO THE MEMBER OF TSB GENERAL INSURANCE SERVICES LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out in Note 1.

Respective responsibilities of directors and auditors

Company law 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 and 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 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 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 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.

The directors are responsible for preparing the Annual Report. This includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

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.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Bristol

23rd August 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 DECEMBER 1999

NOTE		Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
1	**Turnover**	3,268	3,276
1&3	Cost of sales	(212)	165
	Gross profit	3,056	3,441
3	Administration expenses	-	(506)
	Operating profit / (loss)	3,056	2,935
4	Interest receivable and similar income	258	129
5	Interest payable and similar charges	-	(18)
	Profit on ordinary activities before taxation	3,314	3,046
6	Tax on profit on ordinary activities	(988)	(746)
	Profit on ordinary activities after taxation being retained profit for the financial period	2,326	2,300
	Loss brought forward	(3,035)	(5, 335)
	Loss carried forward	(709)	(3,035)

All the amounts above are in respect of continuing operations.

The results for the year are wholly attributable to continuing operations. There are no recognised gains and losses other than those set out above. A reconciliation of movements in shareholder's funds is given on page 10 in note 11 to these accounts. The notes on pages 7 to 10 form part of these financial statements.

TSB GENERAL INSURANCE SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 1999

NOTE		31 December 1999 £000	31 December 1998 £000
	Current assets		
7	Debtors	2,290	14,031
	Cash and short term deposits with group undertakings	4,963	4,134
		7,253	18,165
8	Creditors: amounts falling due within one year	(7,660)	(20,918)
	Net current liabilities	(407)	(2,753)
	Provision for liabilities and charges		-
9	Deferred taxation	(302)	(282)
	Net liabilities	(709)	(3,035)
	Capital and reserves		
10	Called up share capital	-	-
	Profit and loss account	(709)	(3,035)
11	**Shareholder's funds**	(709)	(3,035)

The notes on page 7 to 10 form part of these financial statements.

J C Pain
Director

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of accounting

At 31 December 1999 the company had a deficiency of shareholder funds of £709,000 (1998: £3,035,000). The accounts have been prepared on a going concern basis under the historical cost convention as the directors are satisfied that the support available from the holding company is sufficient to enable the company to meet its liabilities as they fall due. The accounts have been prepared in accordance with applicable accounting standards.

Turnover

Turnover which all arises in the United Kingdom comprises commissions receivable from general insurance activities.

Deferred taxation

Taxation deferred or accelerated by reason of timing differences between financial and taxable profit is accounted for to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Cash Flow Statement and Related Party Transactions

The company is exempt from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 is included in the accounts of its ultimate parent undertaking. In addition advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with entities that are part of the Lloyds TSB Group plc or investees of the Lloyds TSB Group plc.

2. Directors' emoluments

No remuneration was paid or is payable by the company to the directors (1998: £nil). 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.

The number of directors who exercised share options was 2 (1998: 2).

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging operating expenses recharged from a fellow subsidiary, Lloyds TSB Insurance Services Limited.

The company does not directly employ any staff. The costs of employees' services provided to the company are borne by a fellow subsidiary, Lloyds TSB General Insurance Limited.

Remuneration payable to the auditors for audit work has been borne by a fellow subsidiary company, Lloyds TSB General Insurance Limited, in respect of the year ended 31 December 1999 (1998: £nil).

In 1998, cost of sales included a £506,000 credit, being the release of a provision for maintenance costs. The provision was fully released in 1998.

NOTES TO THE ACCOUNTS (continued)

4. Interest receivable and similar income

Interest receivable includes £258,000 (1998: £129,000) from group companies.

5. Interest payable and similar charges

Interest payable to group companies on bank overdrafts repayable within five years in 1999 is £nil. (1998: £18,000).

6. Tax on profit on ordinary activities

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Taxation charge comprises:		
Corporation tax at 30.25% (1998: 31%) payable on profit in the period	968	577
Deferred taxation	20	169
	988	746

7. Debtors

	31 December 1999 £000	31 December 1998 £000
Trade debtors	624	34
Amounts owed by other subsidiary undertakings	1,640	13,971
Other debtors	26	26
	2,290	14,031

NOTES TO THE ACCOUNTS (continued)

8. Creditors : amounts falling due within one year

	31 December 1999 £000	31 December 1998 £000
Amounts falling due within one year:		
Amounts owing to fellow subsidiary undertakings	6,823	20,013
Corporation Tax payable	837	775
Accruals and deferred income	-	130
	7,660	20,918

9. Deferred Taxation

	Balance at 1 January 1999 £000	(Charge)/credit to the profit and loss account £000	Balance at 31 December 1999 £000
Accelerated capital allowances	36	(36)	-
Pension Credit	(318)	16	(302)
Total	(282)	(20)	(302)

There is no unprovided deferred taxation at the year end (1998 : £nil)

NOTES TO THE ACCOUNTS (continued)

10. Called up share capital

	31 December 1999	31 December 1998
	£	£
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

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 company of the smallest such group of undertakings. Copies of the accounts of both companies may be obtained from the Company Secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London, EC3P 3BS.

11. Reconciliation of movement in shareholder's funds

	Profit and loss account £000	Total Shareholders' Funds £000
At 1 January 1998	(3,035)	(3,035)
Retained profit for the period	2,326	2,326
At 31 December 1999	(709)	(709)

12. Directors' interests

The interests of D Holt and P J Hubbard, the directors of the company at the end of the year, in the capital of Lloyds TSB Group plc are disclosed in the accounts of Lloyds TSB Financial Services Holdings plc and Lloyds TSB General Insurance Holdings Limited respectively.

13. Related Party Transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8, not to disclose details of transactions with the Lloyds TSB Group plc or the subsidiaries and associated undertakings thereof. In the opinion of the directors, there have been no other transactions with any related parties other than those covered by the above exemption.

14. Date of approval

The directors approved the accounts on 23rd August 2000.