

TSB GENERAL INSURANCE SERVICES LIMITED

REPORT AND ACCOUNTS 2000

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 2000 amounted to £5,620,000 (year ended 31 December 1999: £2,326,000), as set out in the profit and loss account on page 5. A dividend of £4,900,000 is proposed for 2000 (1999: £nil).

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 as 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.

On behalf of the board



S O'Connor
Assistant Secretary
6th June 2001

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

The directors are responsible for preparing the Annual Report including, as described below, the financial statements. 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 or 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

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.

Basis of audit opinion

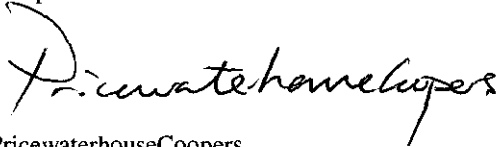
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Bristol
6th June 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31 DECEMBER 2000

NOTE

		Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
1	Turnover	8,300	3,268
1&3	Cost of sales	(305)	(212)
	Gross profit	7,995	3,056
3	Administration expenses	-	-
	Operating profit / (loss)	7,995	3,056
4	Interest receivable and similar income	254	258
	Profit on ordinary activities before taxation	8,249	3,314
5	Tax on profit on ordinary activities	(2,629)	(988)
	Profit on ordinary activities after taxation	5,620	2,326
	Dividends	(4,900)	-
	Retained profit for the financial period	720	2,326
	Loss brought forward	(709)	(3,035)
	Profit / (loss) carried forward	11	(709)

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 2000

NOTE		31 December 2000 £000	31 December 1999 £000
	Current assets		
6	Debtors	2,742	2,290
	Cash and short term deposits with group undertakings	3,907	4,963
		<u>6,649</u>	<u>7,253</u>
8	Creditors: amounts falling due within one year	(6,175)	(7,660)
	Net current assets / (liabilities)	<u>474</u>	<u>(407)</u>
	Provision for liabilities and charges		
9	Deferred taxation	(463)	(302)
	Net assets / (liabilities)	<u>11</u>	<u>(709)</u>
	Capital and reserves		
10	Called up share capital	-	-
	Profit and loss account	11	(709)
11	Equity shareholder's funds	<u>11</u>	<u>(709)</u>

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 2000 the company had shareholder funds of £11,000 (1999: deficiency of £709,000). The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Companies Act 1985.

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 (1999: £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 (1999: 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 Insurance Services 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 2000 (1999: £nil).

NOTES TO THE ACCOUNTS (continued)

4. Interest receivable and similar income

Interest receivable includes £254,000 (1999: £258,000) from group companies.

5. Tax on profit on ordinary activities

	Year ended 31 December 2000 £000	Year ended 31 December 1999 £000
Taxation charge comprises:		
Corporation tax at 30% (1999: 30.25%) payable on profit in the period	2,468	968
Deferred taxation	161	20
	<u>2,629</u>	<u>988</u>

6. Debtors

	31 December 2000 £000	31 December 1999 £000
Trade debtors	1,116	624
Amounts owed by other subsidiary undertakings	-	33
Other debtors	1,626	1,633
	<u>2,742</u>	<u>2,290</u>

7. Pensions costs

Full actuarial valuations of the Lloyds TSB Group Pension Schemes No's 1 and 2 are carried out every three years with interim reviews in the intervening years. At 30 June 1999, the date of the latest full actuarial valuations, the principal actuarial assumptions adopted were that, over the long term, the annual real rate of return on new investments would be 3 per cent higher than the annual increase in pensionable remuneration, 4 per cent higher than the annual increase in present and future pensions in payment, and 3 per cent higher than the annual increase in dividends receivable. The market value of the assets of the schemes at this date was £11,748 million. The actuarial value of the assets represented

125 per cent of the accrued liabilities allowing for future increases in pensions and pensionable remuneration. For funding purposes, the surpluses in the two schemes are being eliminated by means of a contribution holiday.

Contribution rates to other schemes have been adjusted to take account of surpluses and deficiencies. The pensions prepayment of £1,607,000 (1999: £1,607,000) for the company is included in other debtors.

NOTES TO THE ACCOUNTS (continued)

8. Creditors : amounts falling due within one year

	31 December 2000 £000	31 December 1999 £000
Amounts falling due within one year:		
Proposed dividend	4,900	-
Corporation Tax payable	1,142	837
Amounts owing to fellow subsidiary undertakings	133	6,823
	<u>6,175</u>	<u>7,660</u>

9. Deferred Taxation

	Balance at 1 January 2000 £000	(Charge)/credit to the profit and loss account £000	Balance at 31 December 2000 £000
Accelerated capital allowances	-	19	19
Pension Credit	(302)	(180)	(482)
Total	(302)	(161)	(463)

There is no unprovided deferred taxation at the year end (1999: £nil).

10. Called up share capital

	31 December 2000 £	31 December 1999 £
Authorised		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</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 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.

NOTES TO THE ACCOUNTS (continued)

11. Reconciliation of movement in shareholder's funds

	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2000	(709)	(709)
Retained profit for the period	720	720
At 31 December 2000	11	11

12. Directors' interests

The interests of JC Pain and GW Fillery, 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 General Insurance Holdings Limited.

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 6th June 2001.