

TSB GENERAL INSURANCE SERVICES LIMITED

REPORT AND ACCOUNTS 2002

Registered Number:

2376164

Registered Office:

**Charlton Place
Andover
Hampshire
SP10 1RE**

Directors:

**P D Loney (Managing Director)
J A Green**

Company Secretary:

S N Slattery



Member of Lloyds TSB Group

TSB GENERAL INSURANCE SERVICES LIMITED

REPORT OF THE DIRECTORS

Principal activity and business review

During 2001 the Company's business was transferred to a fellow subsidiary's undertaking. As it is, in the year ended 31 December 2002, the company did not trade. Its only income was interest receivable in respect of cash on deposit.

Results and dividends

The loss after taxation for the year ended 31 December 2002 amounted to £122,000 (2001: £3,547,000 profit), as set out in the profit and loss account on page 5. No dividend is proposed for the year ended 31 December 2002 (2001: £2,000,000).

Directors

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

Mr G W Fillery and Mr J C Pain resigned as directors on 7 February and 1 September 2003, respectively.

Mrs J A Green was appointed a director on 7 February 2003.

Mr P D Loney was appointed a director and managing director on 1 September 2003.

Reference is made in note 13 on page 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 N Slattery
Company Secretary

15 October 2003

TSB GENERAL INSURANCE SERVICES LIMITED

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

We have audited the financial statements on pages 5 to 12, which have been prepared in accordance with the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described below, the financial statements. The United Kingdom Companies Act 1985 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 and the auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. 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 1985. 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 directors' 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.

TSB GENERAL INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

15 October 2003

TSB GENERAL INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £'000	2001 (As restated) £'000
Turnover	1	-	5,023
Cost of sales		(406)	(241)
Operating (loss) / profit	3	(406)	4,782
Interest receivable and similar income	4	231	286
(Loss) / profit on ordinary activities before taxation		(175)	5,068
Taxation on (loss) / profit on ordinary activities	5	53	(1,521)
(Loss) / profit on ordinary activities after taxation		(122)	3,547
Dividends		-	(2,000)
Retained (loss) / profit for the financial period	11	(122)	1,547
Profit / (loss) brought forward		433	(1,114)
Profit carried forward		<u>311</u>	<u>433</u>

The results for the year are wholly attributable to discontinued activities.

A reconciliation of movements in shareholder's funds is given in note 12 on page 12 to these accounts.

The notes on pages 8 to 12 form part of these accounts.

TSB GENERAL INSURANCE SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002	2001
		(As restated)
	£000	£000
(Loss) / profit for the financial year	(122)	3,547
Total recognised (losses) and gains relating to the year	<u>(122)</u>	<u>3,547</u>
Prior year adjustment (as explained in note 1)	(1,125)	
Total (losses) recognised since last annual report	<u>(1,247)</u>	

The notes on pages 8 to 12 form part of these accounts.

TSB GENERAL INSURANCE SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2002

	Note	2002 £'000	2001 (As restated) £'000
Current assets			
Debtors	6	73	1,707
Cash and short term deposits with group undertakings		5,194	5,720
Deferred taxation	7	11	14
		<u>5,278</u>	<u>7,441</u>
Creditors: amounts falling due within one year	8	<u>(4,561)</u>	<u>(7,008)</u>
Net current assets		<u>717</u>	<u>433</u>
Provision for liabilities and charges	9	<u>(406)</u>	<u>-</u>
Net assets		<u><u>311</u></u>	<u><u>433</u></u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>311</u>	<u>433</u>
Equity shareholder's funds	12	<u><u>311</u></u>	<u><u>433</u></u>


 J A Green
 Director
 15 October 2003

The notes on pages 8 to 12 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Companies Act 1985.

During the year the company has implemented the requirements of Financial Reporting Standard 19 'Deferred Taxation'. Following its implementation, the company makes full provision for deferred taxation assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a taxation computation. Previously provision was only made where it was considered that there was a reasonable probability that a liability or asset would crystallise in the foreseeable future. No prior year adjustment has been required to reflect the revised policy.

The company has also adopted the accounting requirements of Financial Reporting Standard 17 'Retirement Benefits'. The majority of the company's employees are members of defined benefit schemes established to provide pension benefits to the Lloyds TSB Group's employees in the UK. It is not possible to separately identify the assets and liabilities of these schemes relating to the company, and accordingly contributions to the schemes are charged to the profit and loss account as and when they fall due. Under SSAP 24 the profit and loss account included a charge in respect of the cost of accruing benefits for active employees offset by a credit representing the amortisation of the surplus in the schemes; a pension prepayment was included in the company's balance sheet. A prior year adjustment has been made reducing shareholder's funds by £1.125 million to reflect the revised policy.

This change has not affected the company's profit and loss account for the years ended 31 December 2002 and 2001. The effect on the company's balance sheet at 31 December 2002 has been to reduce debtors by £Nil (2001: £1.607 million), to reduce the deferred tax liability by £Nil (2001: £0.482 million) and to reduce shareholder's funds by £Nil (2001: £1.125 million).

Turnover

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

Deferred taxation

Full provision is made for deferred taxation liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a taxation computation. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on taxation rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

TSB GENERAL INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

2. Directors' emoluments

No remuneration was paid or is payable by the company to the directors (2001: £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.

One director exercised share options during the year (2001: one).

3. Loss on ordinary activities before taxation

Loss 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 2002 (2001: £ nil).

4. Interest receivable and similar income

Interest receivable includes £231,000 (2001: £286,000) from group companies.

5. Taxation on profit/(loss) on ordinary activities

	2002 £000	2001 £000
UK corporation taxation:		
Current taxation on profit/(loss) for the year	(56)	1,516
Current taxation (credit) / charge	(56)	1,516
Deferred taxation charge	3	5
	(53)	1,521

The charge for taxation on the profit/(loss) for the year is based on a United Kingdom corporation taxation rate of 30% (2001: 30%).

A reconciliation of the current taxation charge for the year to the charge that would result from applying the standard United Kingdom corporation taxation rate to profit before taxation is given below:

	2002 £000	2001 £000
Taxation (credit) / charge at UK corporation taxation rate of 30%	(53)	1,521
Other deferred taxation timing differences	(3)	(5)
Current taxation (credit) / charge	(56)	1,516

TSB GENERAL INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Debtors

	2002	2001 (As restated)
	£'000	£'000
Trade debtors	-	1,689
Corporation tax receivable	56	-
Other debtors	17	18
	<u>73</u>	<u>1,707</u>

7. Deferred taxation

	Balance at 1 January 2002 (As restated)	(Charge) to the profit and loss account	Balance at 31 December 2002
	£'000	£'000	£'000
Accelerated capital allowances	14	(3)	11
Total	<u>14</u>	<u>(3)</u>	<u>11</u>

There is no unprovided deferred taxation at the year end (2001: £ nil).

8. Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Amounts falling due within one year:		
Proposed dividend	-	2,000
Corporation tax payable	-	458
Amounts owing to fellow subsidiary undertakings	4,561	4,550
	<u>4,561</u>	<u>7,008</u>

TSB GENERAL INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

9. Provision for liabilities and charges

	Disputed claim £'000
Provision brought forward at 1 January 2002	-
Charge to profit and loss account	406
Provision carried forward at 31 December 2002	<u>406</u>

The provision relates to a claim against the company, which is in dispute.

10. Called up share capital

	2002 £	2001 £
Authorised: 1000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid: 2 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, 25 Gresham Street, London, EC2V 7HN.

11. Reserves

	Profit and loss account £000
At 1 January 2002	1,558
Prior year adjustment (note 1)	<u>(1,125)</u>
At 1 January 2002 as restated	433
Transfer from profit and loss account for the year	<u>(122)</u>
At 31 December 2002	<u>311</u>

TSB GENERAL INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

12. Reconciliation of movements in shareholder's funds

	2002	2001
	£'000	(As restated) £'000
(Loss) / profit after tax for the year	(122)	3,547
Dividends	-	(2,000)
Net (decrease) / increase in shareholder's funds	(122)	1,547
Opening shareholder's funds (originally £1,558,000 before deducting prior year adjustment of £1,125,000)	433	(1,114)
Closing shareholder's funds	311	433

13. Directors' interests

The interests of J C Pain and G W Fillery, who were directors 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.

14. 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.

15. Contingent liabilities and commitments

In the opinion of the directors, there were no contingent liabilities or commitments requiring disclosure.

16. Date of approval

The directors approved the accounts on 15 October 2003.