

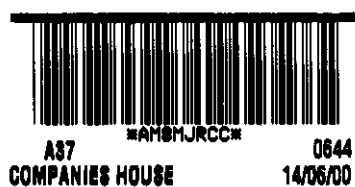
LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

(formerly TSB Trustee Services Limited)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1999

Member of Lloyds TSB Group



LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

Directors

S M Forbes Chair
Professor E Brown
R C Carefull
C M Fisher

Secretary

R A Connor

Auditors

PricewaterhouseCoopers

Registered Office

71 Lombard Street
London EC3P 3BS

Registered Number

3002817

LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

DIRECTORS' REPORT

Principal activity

The principal activity of the company is to act as trustee for the Lloyds TSB Group (Non-Approved) Retirement Benefit Scheme.

Results

During the year ended 31 December 1999, the company did not trade or incur any liabilities and consequently made neither profit nor loss.

Directors

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

The following changes in directors have taken place during the year:

G A Anderson	(retired 14 April 1999)
Professor E Brown	(appointed 14 April 1999)
C M Fisher	(appointed 18 November 1999)
N J Mitchinson	(resigned 18 November 1999)

Change of name

The company changed its name from TSB Trustee Services Limited on 28 June 1999.

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 the 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.

Year 2000

As the company is dormant, it is considered that there would be no problems arising from the failure of systems to recognise dates before on or after 1 January 2000.

On behalf of the board



R A Connor, Secretary

18 May 2000

LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

Statement of directors responsibilities

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 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

Auditors' report to the member of Lloyds TSB Group Trustee Services Limited

We have audited the financial statements on pages 5 to 7, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, 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.

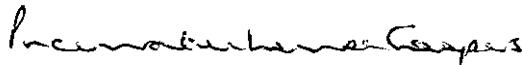
Basis of audit opinion

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.

Opinion

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



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
31 Great George Street
Bristol, BS1 5QD

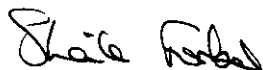
18 MAY 2000

LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

Balance Sheet at 31 December 1999

	Note	1999 £	1998 £
Current Assets			
Cash at Bank		<u>2</u>	<u>2</u>
Capital & Reserves			
Called up share capital	5	<u>2</u>	<u>2</u>
Equity Shareholder's fund		<u>2</u>	<u>2</u>

The accounts were approved by the Board on 18 May 2000
and are signed on its behalf by :



S M Forbes
Chair



R C Carefull
Director

The notes set out on pages 6 and 7 form part of these accounts.

LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

Notes to the accounts for the year ended 31 December 1999

1. Basis of preparation

All items in the accounts are stated under the historical cost accounting rules, and the accounts have been prepared in accordance with applicable Accounting Standards.

2. Profit and Loss account

During the year and the preceding year the company has not traded and has received no income and incurred no expenditure. Consequently, the company made neither a profit nor a loss and no profit and loss account is presented.

3. Directors' interests

The interests of those who were directors of the company at the end of the year but who were not also directors of Lloyds TSB Group plc, in the capital of Lloyds TSB Group plc were:

Shares:

	At 31 December 1999	At 1 January 1999 (or later date of appointment)
R C Carefull	22,940	21,153
C M Fisher	152,118	152,118

Options to acquire shares:

	At 1 January 1999 (or later date of appointment)	During the year (or since appointment during the year)	At 31 December 1999
		Granted Exercised/ Lapsed	
R C Carefull (*)	162,235	33,000 23,087	172,148
C M Fisher	109,299	0 0	109,299

(*) Mr Carefull will receive additional Lloyds TSB Group shares on exercising share options held on 28 December 1995. These shares will compensate him for the special dividend of 68.3p per share which was paid to former TSB Group shareholders following the merger with Lloyds Bank but which was not paid to option holders. In that regard, he received 1,834 additional shares when he exercised the share options shown above.

During the year, 1 director exercised share options (1998:2)

None of these directors had any other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

LLOYDS TSB GROUP TRUSTEE SERVICES LIMITED

Notes to the accounts (continued)

4. Directors' emoluments and auditors' remuneration

No remuneration was paid to the directors by the company. The auditors' remuneration was borne by Lloyds TSB Group plc.

5. Share capital

	1999	1998
	£	£
Authorised, issued and fully paid	<u>1,000</u>	<u>1,000</u>
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

6. Ultimate parent undertaking

The company regarded by the directors as the ultimate parent undertaking 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 undertaking of the smallest such group of undertakings. Copies of the group accounts of both companies may be obtained from the company secretary, Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS.