

HILL SAMUEL ESOP TRUSTEES LIMITED

**Annual report and financial statements
for the year ended 31 December 2003**



HILL SAMUEL ESOP TRUSTEES LIMITED

Registered number 3925002

Registered office 25 Gresham Street
London
EC2V 7HN

Directors G M Healey
N S Mason
J Parker
R M Richards

Secretary S J Hopkins

HILL SAMUEL ESOP TRUSTEES LIMITED

Directors' report for the year ended 31 December 2003

Principal activity and results

The principal activity of the company is to act as trustees to employee benefit schemes.

The profit for the year after taxation was £221,066 (2002: £107,955) as shown in the profit and loss account on page 5.

Dividend

The directors do not recommend the payment of a dividend (2002: £nil).

Directors

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

Mr S J T Davies, Mr G D Downs, Mr K G Moss and Mr T L Slattery resigned as directors on 16 July 2003.

Mr G M Healey and Mr N S Mason were appointed directors on 7 October 2003.

Reference is made on page 8 in note 4 to the interests of the directors in the capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries.

By order of the board



R M Richards
Director

2nd August 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILL SAMUEL ESOP TRUSTEES LIMITED

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out below.

The directors are required by the Companies Act 1985 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 financial year and of the income or deficit 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; 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 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 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, error and non-compliance with law and regulations.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 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. The other information comprises only the directors' report.


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 judgments 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 at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Jersey Channel Islands
10 August 2004

HILL SAMUEL ESOP TRUSTEES LIMITED

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Administration fees	1	475,829	278,192
Initial fees		55,319	85,792
Introductory commission	1	(27,660)	(42,896)
Interest received		13,168	4,977
		516,656	326,065
Administrative expenses		200,848	171,843
Profit on ordinary activities before taxation	2	315,808	154,222
Taxation on profit on ordinary activities	5	94,742	46,267
Profit on ordinary activities after taxation		221,066	107,955
Retained profit brought forward		206,967	99,012
Retained profit carried forward		428,033	206,967

Continuing operations: all the items dealt with in arriving at the profit from ordinary activities before taxation for 2003 and 2002 relate to continuing operations.

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit from ordinary activities before taxation and the profit retained for the year stated above, and their historical cost equivalents.

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

HILL SAMUEL ESOP TRUSTEES LIMITED

Balance sheet at 31 December 2003

	Notes	2003 £	2002 £
Current assets			
Debtors	6	270,041	226,352
Cash at bank	7	655,444	282,093
		925,485	508,445
Creditors: amounts falling due within one year			
Creditors and accruals	8	137,818	103,290
Amounts due to group companies	9	359,632	198,186
		497,450	301,476
Total assets less current liabilities		428,035	206,969
Share capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	428,033	206,967
Shareholder's funds (equity)	12	428,035	206,969



RM Richards
Director

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

HILL SAMUEL ESOP TRUSTEES LIMITED

Notes to the financial statements for the year ended 31 December 2003

1 Principal accounting policies

These financial statements have been prepared under the historical cost convention and in accordance with generally accepted accounting standards in the United Kingdom.

A summary of the more important accounting policies is set out below.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, in compliance with the Companies Act 1985 and in accordance with UK generally accepted accounting principles. The company is exempt from preparing a cash flow statement as a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 (Revised 1996) 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 Lloyds TSB Group plc or other group or associated undertakings, as the consolidated accounts of Lloyds TSB Group plc, in which the company is included, are publicly available.

(b) Fees

This represents amounts due in respect of services provided during the period, excluding value added tax.

(c) Introductory commission

Half of all introductory commissions earned in the year are paid over to Lloyds TSB Registrars.

(d) Administrative expenses

Expenses are accounted for on an accruals basis.

(e) Deferred tax

The company makes full provision for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. In the current year there has been no timing differences and therefore no provision has been made.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2003	2002
	£	£
Auditors' remuneration	3,415	3,415

HILL SAMUEL ESOP TRUSTEES LIMITED

Notes to the financial statements for the year ended 31 December 2003

3 Directors' emoluments

No remuneration was paid or is payable by the company to the directors. 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.

4 Directors' interests

The interests of the directors at the end of the year in the capital of Lloyds TSB Group plc and its subsidiaries were:

Ordinary shares of 25p each:

	At 1 January 2003 (or later date of appointment)	At 31 December 2003
G M Healey	12,730	12,942
N S Mason	3,238	3,313
J Parker	17,817	22,847
R M Richards	1,930	1,930

Options to acquire ordinary shares of 25p each:

	At 1 January 2003 (or later date of appointment)	During the year		At 31 December 2003
		Granted	Exercised/ lapsed	
G M Healey	29,800	-	-	29,800
N S Mason	24,912	-	-	24,912
J Parker	16,723	7,597	4,279/ 3,158*	16,883
R M Richards	2,878	531	-	3,409

*During the year, these share options lapsed following termination of savings contracts linked to the staff sharesave option scheme, in accordance with the rules of the scheme.

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

5 Taxation

	2003 £	2002 £
Analysis of charge in the period		
UK corporation tax at 30%		
Based on the results for the year	94,742	46,267
Total tax on profit on ordinary activities	94,742	46,267

HILL SAMUEL ESOP TRUSTEES LIMITED

Notes to the financial statements for the year ended 31 December 2003

6 Debtors

	2003	2002
	£	£
Accounts receivable	174,486	144,602
Prepayments and accrued income	95,555	81,750
	<u>270,041</u>	<u>226,352</u>

7 Cash at bank

	2003	2002
	£	£
Hill Samuel Bank (Jersey) Limited	655,444	282,093

8 Creditors and accruals

	2003	2002
	£	£
VAT payable	39,661	51,608
Corporation tax	94,742	46,267
Accruals	3,415	5,415
	<u>137,818</u>	<u>103,290</u>

9 Amounts due to group companies

	2003	2002
	£	£
Lloyds TSB Bank plc	194,298	98,186
Hill Samuel Offshore Trust Company Limited	-	100,000
Lloyds TSB Registrars	165,334	-
	<u>359,632</u>	<u>198,186</u>

The loans are interest free, unsecured and repayable on demand.

HILL SAMUEL ESOP TRUSTEES LIMITED

Notes to the financial statements for the year ended 31 December 2003

10 Share capital

	2003 £	2002 £
Authorised		
100 shares of £1 each	100	100
Issued, called up and fully paid		
2 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 prepared 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 accounts of both may be obtained from the company secretary's office, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN.

11 Profit and loss account

	2003 £	2002 £
Retained profit brought forward	206,967	99,012
Profit on ordinary activities after taxation	221,066	107,955
Retained profit carried forward	428,033	206,967

12 Shareholder's funds (equity)

There are no movements in shareholder's funds other than those set out in the profit and loss account on page 5.

13 Staff costs

The company has no employees. Services to the company are provided by staff employed by other companies within the Lloyds TSB Group.

14 Date of approval

The directors approved the accounts on 2nd August 2004.