

# TSB FINANCIAL SERVICES LIMITED

## ANNUAL REPORT AND ACCOUNTS 2006

Registered number

2079683

Registered office

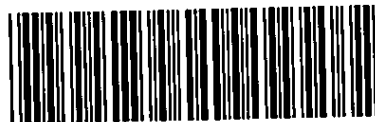
Charlton Place  
Andover  
Hampshire SP10 1RE

Directors

G J Cummins  
A D Briggs

Company Secretary

Sharon Garrard



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30/07/2007  
COMPANIES HOUSE

Member of Lloyds TSB Group

# TSB FINANCIAL SERVICES LIMITED

## Report of the directors

### Business review and principal activity

The company has ceased trading, the only activity of the company has been the receipt of bank interest

The profit after taxation for the year ended 31 December 2006 was £4,000 (2005 £3,000) as set out in the income statement on page 6

No dividend was paid or proposed during 2006 (2005 nil)

### Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Lloyds TSB group and are not managed separately. Full disclosure of the company's financial risk management objectives and policies are given in note 2 to the financial statements

### Key performance indicators ('KPIs')

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

### Directors

The names of the current directors are shown on page 1

The following changes in directors took place during the year and since the year end

	Appointed	Resigned
A D Briggs	8 January 2007	
G J Cummins	13 March 2006	
J McConville		13 March 2006
N V Moss		8 January 2007

### Auditors and audit information

Each director in office at the date of this report confirms that, so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

## TSB FINANCIAL SERVICES LIMITED

### Report of the directors (continued)

#### Responsibilities of directors

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 that 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 United Kingdom 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.

#### Policy and practice on payment of creditors

The company follows "The Better Payment Practice Code" published by the Department of Trade and Industry, regarding payments to suppliers, information about it may be obtained from the DTI publication orderline 0845 0150 010 quoting reference URN 04/606

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 2006, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2005 nil)

On behalf of the board



G J Cummins  
Director

9 July 2007

# **TSB FINANCIAL SERVICES LIMITED**

## **Independent auditors' report**

### **Independent auditors' report to the members of TSB Financial Services Limited**

We have audited the financial statements of TSB Financial Services Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes to the financial statements. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**TSB FINANCIAL SERVICES LIMITED**

**Independent auditors' report (continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Bristol

*16 July 2007*

## TSB FINANCIAL SERVICES LIMITED

### Income statement for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Administrative expenses	3	-	(2)
Interest and similar income	4	6	6
<b>Profit before tax</b>		<u>6</u>	<u>4</u>
Taxation	5	(2)	(1)
<b>Profit for the year</b>		<u>4</u>	<u>3</u>

The results for the year arise wholly from continuing activities and are attributable to the equity shareholder

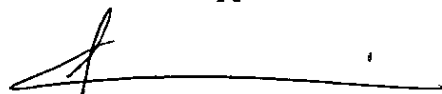
The accompanying notes are an integral part of the financial statements

**TSB FINANCIAL SERVICES LIMITED**

**Balance sheet  
at 31 December 2006**

	Notes	2006 £'000	2005 £'000
<b>Current assets</b>			
Cash and cash equivalents	6	-	182
Amount owed by other group company	9	168	-
<b>Total assets</b>		168	182
<b>Current liabilities</b>			
Amount owed to other group company	9	-	(2)
Current tax liability		-	(4)
Other current payables		-	(12)
		-	(18)
<b>Net current assets</b>		168	164
<b>Equity</b>			
Share capital	7	120	120
Retained earnings	8	48	44
<b>Total shareholders' equity</b>		168	164

The directors approved the accounts on 7 July 2007.



G J Cummins  
Director

The accompanying notes are an integral part of the financial statements.

**TSB FINANCIAL SERVICES LIMITED**

**Statement of changes in equity  
for the year ended 31 December 2006**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2005</b>	120	41	161
Profit for the year	-	3	3
<b>Balance at 31 December 2005 and 1 January 2006</b>	<u>120</u>	<u>44</u>	<u>164</u>
Profit for the year	-	4	4
<b>Balance at 31 December 2006</b>	<u>120</u>	<u>48</u>	<u>168</u>

The accompanying notes are an integral part of the financial statements.



## TSB FINANCIAL SERVICES LIMITED

### Cash flow statement for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
<b>Cash flows from operating activities:</b>			
Cash used in operations	10	(182)	-
Tax paid		(6)	-
<b>Net cash used in operating activities</b>		<u>(188)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest received		<u>6</u>	<u>6</u>
<b>Net cash generated by investing activities</b>		<u>6</u>	<u>6</u>
<b>Change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		182	176
<b>Cash and cash equivalents at end of year</b>		<u>-</u>	<u>182</u>

There were no cash flows arising from or used in financing activities

The accompanying notes are an integral part of the financial statements.

# TSB FINANCIAL SERVICES LIMITED

## Notes to the financial statements (continued)

### 1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

The financial statements have been prepared under the historical cost convention, in compliance with the requirements of the Companies Act 1985 and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union

#### (a) Revenue recognition

Interest income is recognised in the income statement for all interest-bearing financial instruments, using the effective interest rate method

#### (b) Taxation

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise

#### (c) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

### 2 Financial risk management

The directors are responsible for establishing a framework for evaluating, measuring, monitoring and controlling risk. They are responsible for ensuring that the risks within the business are identified, assessed, monitored and controlled. These controls and procedures where relevant comply with Lloyds TSB Group policies and standards.

The company has no interest bearing assets from third party counterparties. No deposits are placed outside of the Lloyds TSB Group. The company holds no foreign currency assets or liabilities. The company, therefore, has no significant exposure to credit, currency or interest rate risks.

The company operates exclusively in the UK and has no significant geographical sector risk concentration.

### 3 Administrative expenses

The company does not directly employ any staff. Auditors' remuneration of £2,000 has been borne by Lloyds TSB Bank plc in 2006 (2005 £2,000 is included in administrative expenses).

### 4 Interest and similar income

Interest income of £6,000 (2005 £6,000) is derived from Lloyds TSB Bank plc.

# TSB FINANCIAL SERVICES LIMITED

## Notes to the financial statements (continued)

### 5 Taxation

	2006 £'000	2005 £'000
UK corporation tax – current year	<u>2</u>	<u>1</u>
	<u>2</u>	<u>1</u>

The charge for tax on the profit for the year is based on a UK corporation tax rate of 30 per cent (2005 30 per cent)

### 6 Cash and cash equivalents

Cash and cash equivalents comprises amounts which are placed on deposit at commercial rates of interest with Lloyds TSB Bank plc, a parent company. The fair value of cash and cash equivalents is equal to their carrying amounts.

### 7 Share capital

	2006 £'000	2005 £'000
Authorised 120,000 (2005 120,000) ordinary shares of £1 each	<u>120</u>	<u>120</u>

	2006 Number of shares	2005 Number of shares	2006 £'000	2005 £'000
<b>Issued and fully paid</b>				
<b>Ordinary shares of £1 each</b>				
At 1 January	120,000	120,000	120	120
Issued during the year	-	-	-	-
At 31 December	<u>120,000</u>	<u>120,000</u>	<u>120</u>	<u>120</u>

### 8 Retained profit

	2006 £'000	2005 £'000
At 1 January	44	41
Profit for the year	4	3
At 31 December	<u>48</u>	<u>44</u>

# TSB FINANCIAL SERVICES LIMITED

## Notes to the financial statements (continued)

### 9 Related party transactions

TSB Financial Services Limited is incorporated and domiciled in the UK. The company's immediate parent company is Lloyds TSB General Insurance Holdings Limited which is incorporated and domiciled in the UK. 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 undertaking of the smallest such group of undertakings. Copies of the group accounts of both may be obtained from the company secretary's office, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN.

The company's related parties include the ultimate and immediate parent companies, other companies in the Lloyds TSB Group, pension schemes of the company's ultimate parent company and the company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, which is determined to be the company's directors.

#### *Transactions with key management personnel*

There were no transactions between the company with key management personnel during the current or preceding year.

Key management personnel are employed by other companies in the Lloyds TSB Group and consider that their services to the company are incidental to their other activities within the group (2005 nil).

#### *Amount owed by/(to) other group company*

	<b>Parent company 2006 £'000</b>	<b>Parent company 2005 £'000</b>
At 1 January	(2)	(2)
Repayments during the year	2	-
Advanced during the year	168	-
At 31 December	<u>168</u>	<u>(2)</u>
Representing		
Lloyds TSB General Insurance Holdings Limited	<u>168</u>	<u>(2)</u>

Amount owed by or to other group company is repayable on demand and is non-interest bearing. The fair value of amount owed by other group company is equal to its carrying amount.

#### *Interest income earned from other group company*

The interest income earned from Lloyds TSB Bank plc during the year is disclosed in note 4.

## TSB FINANCIAL SERVICES LIMITED

### Notes to the financial statements (continued)

#### 10 Reconciliation of profit before tax to net cash flow from operating activities

	2006 £'000	2005 £'000
<b>Profit before tax</b>	6	4
Adjustments for Interest income	(6)	(6)
Changes in working capital		
Increase in amount owed by other group company	(168)	-
Decrease in amount owed to other group company	(2)	-
(Decrease)/increase in other current payables	(12)	2
<b>Net cash used in operating activities</b>	(182)	-

#### 11 Future developments

The following pronouncements will be relevant to the company but were not effective at 31 December 2006 and have not been applied in preparing these financial statements

Pronouncement	Nature of change	Effective date
IFRS 7 Financial Instruments Disclosures <sup>1</sup>	Consolidates the current financial instruments disclosures into a single standard and requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments	Annual periods beginning on or after 1 January 2007
Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures	Introduces additional disclosures of the objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and compliance with capital requirements	Annual periods beginning on or after 1 January 2007

<sup>1</sup> Includes consequential changes to other pronouncements

The full impact of these pronouncements is being assessed by the company, none of these pronouncements are expected to cause any material adjustments to the financial statements