346570

LLOYDS TSB FINANCIAL SERVICES LIMITED

REPORT OF THE DIRECTORS

AND

FINANCIAL STATEMENTS

31 DECEMBER 2007

Member of Lloyds TSB Group

CONTENTS

COMPANY INFORMATION

Board of Directors

J McConville
C R Torkington

Secretary

T C Nicholls

Auditors

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Registered Office

25 Gresham Street
London
EC2V 7HN

Company Number

346570

DIRECTORS' REPORT

Principal activities and review of the business

The financial statements presented are in respect of Lloyds TSB Financial Services Limited (the "Company"), a limited liability company incorporated in the United Kingdom The Company is a wholly owned subsidiary of Scottish Widows Group Limited.

The principal activity of the Company is that of a holding company

On 31 July 2007, the Company agreed to sell its investment in Abbey Life Services Limited and Abbey Life Trustee Services Limited to Deutsche Bank as part of the wider sale by Scottish Widows plc of the Abbey Life Assurance Company Limited to Deutsche Bank. The sale became unconditional on 26 September 2007 following the grant of regulatory approval by the Financial Services Authority and the European Union Cash consideration in respect of all the companies sold to Deutsche Bank was wholly received by Scottish Widows plc The proceeds payable to the Company, calculated as the net asset value of Abbey Life Services Limited and Abbey Life Trustee Services Limited as at 31 December 2006, being £361,000, have been attributed through reduction of the intercompany balance payable by the Company to Scottish Widows plc

Results and dividend

The result for the year ended 31 December 2007 is a profit after taxation of £471,000 (2006 £233,000) and this has been transferred to reserves The directors consider this result to be satisfactory The Directors do not recommend the payment of a dividend for the year (2006 £nil)

Future outlook

During the year the balance of cash held by the Company was transferred to Scottish Widows Group Limited The Directors expect that, as a result of this transfer, no further income will be generated by the Company and in future it will make no profit

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks The financial risk management objectives and policies of the Company and the exposure to credit risk and liquidity risk are set out in note 12 to the financial statements

Key performance indicators

The Directors are of the opinion that the information presented in the financial statements provides the management information necessary for the Directors to understand the development, performance and position of Lloyds TSB Financial Services Limited. The Company also forms part of the Insurance and Investments Division of Lloyds TSB Group plc The development, performance and position of this Division is discussed on pages 18 to 20 of the Group's annual report, which does not form part of this report.

Directors

The names of the current Directors are listed on page 2 There were no changes in directorships during the year or since the end of the year

Particulars of the Directors' emoluments are given in note 13 to the financial statements

Disclosure of information to auditors

Each Director confirms that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware Relevant information is defined as "information needed by the Company's auditors in connection with preparing their report"

Each Director has taken steps that he ought to have taken in his duty 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

On behalf of the Board of Directors

T C Nicholls
Edinburgh
4 ~~May~~ June 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF LLOYDS TSB FINANCIAL SERVICES LIMITED

We have audited the financial statements of Lloyds TSB Financial Services Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 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 below

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the Company financial statements in accordance with IFRSs as adopted by the European Union The financial statements are required by law to 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 period. In preparing these financial statements the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether the financial statements comply with IFRSs as adopted by the European Union, 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 confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records that 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 and other irregularities

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 member 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

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

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 2007 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
Edinburgh
9 June ~~May~~ 2008

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £000	2006 £000
Interest receivable		398	333
Gain on sale of subsidiaries	4	193	-
Profit before tax		591	333
Taxation	3	(120)	(100)
Profit for the year		471	233

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 £000	2006 £000
ASSETS			
Non-current assets			
Investment in subsidiaries	4	626,245	626,413
Financial assets			
Amount due from parent undertaking	5	558,832	550,969
Current assets			
Financial assets			
Loans and receivables	6	-	32
Cash and cash equivalents	7	-	7,506
Total assets		1,185,077	1,184,920
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holder			
Share capital	8	1,595,836	1,595,836
Retained earnings		(510,544)	(511,015)
Total equity		1,085,292	1,084,821
Liabilities			
Non-current liabilities			
Financial liabilities			
Amounts owed to Group undertakings	9	-	100,000
Current liabilities			
Financial liabilities			
Amounts owed to Group undertakings	9	99,665	-
Current tax payable	10	120	99
Total liabilities		99,785	100,099
Total equity and liabilities		1,185,077	1,184,920

Approved on behalf of the Board on 4 ~~May~~ June 2008

J McConville
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £000	2006 £000
Cash flows from operating activities			
Profit before tax		591	333
Adjusted for:			
Gain on disposal of subsidiaries		(193)	-
Net (increase) in operating assets and liabilities	11	(7,805)	(5)
Taxation paid		(99)	(97)
Net cash flows from operating activities		(7,506)	231
Net (increase) / decrease in cash and cash equivalents		(7,506)	231
Cash and cash equivalents at the beginning of the year		7,506	7,275
Cash and cash equivalents at the end of the year	7	-	7,506

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital £000	Retained earnings £000	Total £000
Balance at 1 January 2006	1,595,836	(511,248)	1,084,588
Net profit for the year	-	233	233
Balance at 1 January 2007	1,595,836	(511,015)	1,084,821
Net profit for the year	-	471	471
Balance as at 31 December 2007	1,595,836	(510,544)	1,085,292

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. Accounting policies

Summary of significant accounting policies

The Company has identified the accounting policies that are most significant to its business operations and the understanding of its results and these are set out below

(a) Basis of preparation

The financial statements of the Company have been prepared

(1) in accordance with the International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the International Financial Reporting Interpretations ("IFRIC") issued by its International Financial Reporting Interpretations Committee, as endorsed by the European Union,

(2) in accordance with those parts of the Companies Act 1985 applicable to companies reporting under IFRS, and

(3) under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities as set out below

As the Company is a wholly owned subsidiary undertaking of Lloyds TSB Group plc, registered in the United Kingdom, the Company has taken advantage of the provisions of the Companies Act 1985 and has not produced consolidated financial statements

Standards and interpretations effective in 2007

The following standards, amendments to and interpretations of published standards are mandatory for accounting periods beginning on or after 1 January 2007 and relevant to the Company's operations

- IFRS 7 "Financial Instruments Disclosures" This standard supersedes IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the disclosure requirements previously contained in IAS 32 "Financial Instruments Presentation" IFRS 7 introduces new disclosures relating to financial instruments but does not have any impact on the classification or valuation in the primary statements of assets, liabilities or transactions in respect of the Company's financial instruments The majority of changes relate to disclosure and are given in note 12 to the financial statements Where required, comparative data has been restated to present this on a consistent basis with the current year presentation

- Amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures" This standard requires the disclosure of information that enables users of the Company's financial statements to evaluate the Company's objectives, policies and processes for managing capital The required disclosures are given in note 12 to the financial statements Adoption of this standard has had no impact on the financial results or position of the Company

- IFRIC 10 "Interim Financial Reporting and Impairment" This interpretation prohibits any impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost from being reversed at a subsequent balance sheet date Adoption of this interpretation has had no impact on the financial results or position of the Company

Standards and interpretations in issue but not adopted early

The following standards, amendments to and interpretations of published standards have been issued and will be relevant to the Company's operations but have not been adopted early by the Company

- Amendment to IAS 1 "Presentation of Financial Statements" (effective for accounting periods beginning on or after 1 January 2009) This standard sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content All changes in equity in respect of transactions with shareholders in their capacity as shareholders are required to be presented separately from changes in equity arising from transactions with other parties ("non-owner"), in a statement of changes in equity All non-owner changes in equity (comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income) The changes required on adoption of this standard will relate only to presentation and disclosure and will therefore have no overall impact on the financial results or position of the Company This standard has not yet been endorsed by the European Union

(b) Interest receivable

Interest receivable for all interest-bearing financial instruments is recognised in the income statement as accrued, within interest receivable

(c) Investment in subsidiaries

The Company owns a number of subsidiaries as set out in note 4 to the financial statements These subsidiaries trade with a view to making a profit or loss, and the risks and rewards of owning these subsidiaries primarily rests with the shareholder of the Company These investments are held initially at fair value, then at cost subject to impairment.

(d) Financial assets and financial liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition and re-evaluates this at every reporting date

Management's policies for the recognition of financial assets and financial liabilities are set out in each section below

Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership

All financial assets and financial liabilities are designated at fair value through income, with the exception of certain loans and receivables, which are stated at amortised cost (as set out below)

No assets are classified as held-to-maturity, available-for-sale or for trading, no liabilities are classified as held for trading

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

Loans and receivables are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, subject to impairment. In practice, the carrying value of these balances equates to the fair value A charge for impairment in respect of loans and receivables would be made in the income statement when there is objective evidence that the Company would not be able to collect all amounts according to their original terms The impairment charge would be recognised in that part of the income statement in which the original transaction was reported Further information on the Company's impairment policy is set out at policy (g)

Financial liabilities at fair value

Other financial liabilities

Other financial liabilities are stated at fair value, reflecting the short-term nature of these balances

(e) Cash and cash equivalents

Cash and cash equivalents in the prior year includes short-term, highly liquid investments with original maturities of three months or less

(f) Taxes

Tax on the profit or loss for the year is recognised in the income statement and comprises only current tax No provision for deferred tax is required under IAS 12 "Income Taxes" as no timing differences arise which would result in deferred tax on assets and liabilities

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, together with adjustments to tax payable in respect of prior years

(g) Impairment

Financial assets

The carrying value of all financial assets is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable fair prices and expected net selling prices

In order to determine whether financial assets are impaired, all financial assets for which the fair value has been significantly below cost price for a considerable period of time are individually reviewed A distinction is made between negative revaluations due to general market fluctuations and due to issuer-specific developments The impairment review focuses on issuer-specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under the Company's long term investment strategy

If there is objective evidence that an impairment loss has occurred, the amount of the loss is charged to the relevant line in the income statement in the period in which it occurs
Objective evidence that an asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events

(i) significant financial difficulty of the issuer or debtor;
(ii) a breach of contract,
(iii) the disappearance of an active market for that asset because of financial difficulties, or
(iv) observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of assets since the initial recognition of those assets, even where the decrease cannot yet be identified with the individual assets of the Company, including
  - adverse changes in the payment status of issuers or debtors, or
  - national or local economic conditions that correlate with defaults on the assets in the Company

The Company first assesses whether objective evidence of impairment exists individually for assets that are individually significant If the Company determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, assets are grouped on the basis of similar credit risk characteristics Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated

(b) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax

2. Administrative expenses

(a) Administrative expenses relating to the Company are borne by Scottish Widows plc The Company had no direct employees during the year (2006 nil) The employee costs, including pension costs and share-based payment costs, are borne by Scottish Widows plc

(b) The remuneration of the Auditors for the year in respect of audit work is borne by Scottish Widows plc The fees payable in respect of the audit of the statutory accounts of the Company are £5,000 There were no fees relating to non-audit services paid to the Auditors during the year (2006 £nil)

3. Taxation

(a) Current year tax expense

	2007	2006
	£000	£000
Current tax:		
UK corporation tax	120	100
Total income tax expense	120	100

(b) Reconciliation of tax expense

	2007	2006
	£000	£000
Profit before tax	591	333
Tax at 30% (2006: 30%)	178	100
Chargeable gain sheltered by losses	(58)	-
Total	120	100

4. Investments in subsidiaries

The Company owns the whole of the issued ordinary share capital of the following subsidiaries at the balance sheet date, all of which operate in the United Kingdom

Name	Class of Share or Stock	Percentage held	Country of Registration or Incorporation	Nature of Business
SW (No 4) Limited *	Ordinary	100 00	England	Non-trading
Hill Samuel Investment Services Group Limited	Ordinary	100 00	England	Holding
Lloyds Bank Unit Trust Managers Limited	Ordinary	100 00	England	Non-trading
SW (No 3) Limited	Ordinary	100 00	England	Active non-trading
TSB Investment Services Limited	Ordinary	100 00	England	Non-trading
TSB Life Limited	Ordinary	100 00	England	Non-trading

* Previously known as Abbey Life Investment Services Limited

On 31 July 2007, the Company agreed to sell its investment in Abbey Life Services Limited and Abbey Life Trustee Services Limited to Deutsche Bank as part of the wider sale by Scottish Widows plc of the Abbey Life Assurance Company Limited to Deutsche Bank. The sale became unconditional on 26 September 2007 following the grant of regulatory approval by the Financial Services Authority and the European Union Cash consideration in respect of all the companies sold to Deutsche Bank was wholly received by Scottish Widows plc The proceeds payable to the Company, calculated as the net asset value of Abbey Life Services Limited and Abbey Life Trustee Services Limited as at 31 December 2006, being £361,000, have been attributed through reduction of the intercompany balance payable by the Company to Scottish Widows plc

5. Amount due from parent undertaking

	2007 £000	2006 £000
Amount due from parent undertaking	558,832	550,969

During the year, the cash held by the Company was transferred to Scottish Widows Group Limited as part of the intercompany loan balance

6. Loans and receivables

	2007 £000	2006 £000
Accrued interest	-	32

7. Cash and cash equivalents

	2007 £000	2006 £000
Investments in a cash fund	-	7,506

8. Share capital

	2007 £000	2006 £000
Authorised, called up, issued and fully paid share capital:		
1,595,836,000 ordinary shares (2006 1,595,836,000 ordinary shares) of £1 each	1,595,836	1,595,836

There were no changes in share capital during the year

9. Amounts owed to Group undertakings

	2007 £000	2006 £000
Amounts owed to Group undertakings	99,665	100,000

10. Current tax payable

	2007 £000	2006 £000
Current income tax liability	120	99
Total tax liabilities	120	99

11. (Increase) in operating assets and liabilities

	2007 £000	2006 £000
Amount due from parent undertaking	(7,863)	-
Loans and receivables	32	(5)
Amounts owed to Group undertakings	26	-
Net (increase) in operating assets and liabilities	(7,805)	(5)

Amounts owed to Group undertakings on the balance sheet have decreased by £335,000 However, this reduction reflects the offset of sale proceeds of £361,000 in respect of the sale of subsidiaries of the Company during the year, as described in note 4 As no actual cash was received by the Company, this transaction has been excluded in calculating the movement in operating assets and liabilities for the year

12. Risk management policies

The principal activity of the Company is that of a holding company

This note summarises the risks associated with the activities of the Company and the ways in which these are managed

(a) Governance framework

The Company is part of the Insurance and Investments ("I&I") Division of Lloyds TSB Group plc This Division has established a risk management function with clear terms of reference and with the responsibility for implementing the Lloyds TSB Group risk management framework and monitoring the policies on financial risks

The main objectives of the risk management process are to ensure that risks are properly identified, risk measurement is independent and the capital base is adequate in relation to the risks The risks related to the Company's activities are regularly evaluated

The financial condition and operating results of the business are affected by a number of key risks, including credit risk and liquidity risk The performance of the Company and the strategic management of the business depend on its ability to manage these risks Responsibility for the management of risk resides with the Board, who have delegated their authority to the Scottish Widows Executive Committee

I&I Risk Management are responsible for drafting the Scottish Widows risk policies, for ensuring that they remain up-to-date and for facilitating any changes These policies are subject to at least an annual review, or earlier if deemed necessary For each specific risk, responsibility for monitoring compliance with the risk policy is defined Limits are prescribed within which those responsible for the day to day management of the Company can take decisions Line management are required to follow prescribed reporting procedures to the bodies responsible for monitoring compliance with policy and controlling the risks *(b) Capital management framework*

The Company's objective when managing capital is to ensure that sufficient capital is available to safeguard the Company's ability to continue as a going concern

The Company manages the capital structure and makes adjustments to reflect changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets The Company receives most of its funding from other Group companies and does not raise funding externally

The Company's capital comprises all components of equity, movements in which are set out in the Statement of Changes in Equity

(c) Financial risks

The Company uses financial instruments as part of its business activities

The Company is exposed to a range of financial risks through its financial assets and financial liabilities The most important components of this financial risk are credit risk and liquidity risk

The Company manages these risks in a number of ways, including monitoring of cashflow requirements

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies (note 1) describes how the classes of financial instruments are measured, and how income and expenses are recognised

The following tables analyse the carrying amount of assets and liabilities according to their IAS 39 classification

	2007 £000	2006 £000
Financial assets		
Cash and cash equivalents	-	7,506
At fair value through income		
Loans and receivables	-	32
Amounts due from parent undertaking	558,832	550,969
	558,832	558,507
Other assets		
Investments in subsidiary undertakings	626,245	626,413
Total assets	1,185,077	1,184,920

	2007 £000	2006 £000
Financial liabilities		
At fair value through income		
Amounts due to Group undertakings	99,665	100,000
Other liabilities		
Current tax payable	120	99
Total liabilities	99,785	100,099

A maturity analysis of the financial liabilities set out in the above tables is given in the liquidity risk section of this note

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss

Credit risk to the Company arises primarily from exposure to intercompany debtors The amount due from Group undertakings of £558,832,000 (2006 £550,969,000) is due from Scottish Widows Group Limited

Investment credit risk arises primarily from holding invested assets to meet liabilities At 31 December 2007, the Company held no investments which were subject to investment credit risk At 31 December 2006, the only investment of the Company related to a holding of £7,506,000 in the Scottish Widows Investment Partnership Limited Global Liquidity Fund, which was AAA rated Credit risk in respect of this investment, and the associated accrued interest, was not considered to be significant

There were no past due or impaired assets at 31 December 2007 or 31 December 2006 No terms in respect of financial assets had been renegotiated at 31 December 2007 or 31 December 2006

(2) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its cash commitments as they fall due Liquidity risk may result from either the inability to sell financial assets quickly at their fair values or from the inability to generate cash inflows as anticipated

Liquidity risk has been analysed as arising from the settlement of intercompany balances

Liquidity risk is managed in line with the Lloyds TSB Group Liquidity Risk Policy

The following tables indicate the timing of the contractual cashflows arising from the Company's financial liabilities, as required by IFRS 7

As at 31 December 2007

Carrying amount and cashflows arising from:	Carrying amount	Contractual cashflows (undiscounted) No stated maturity	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000	£000
Amount owed to Group undertakings	99,665	-	99,665	-	-	-	-
Total	99,665	-	99,665	-	-	-	-

As at 31 December 2006

Carrying amount and cashflows arising from:	Carrying amount	Contractual cashflows (undiscounted) No stated maturity	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000	£000
Amount owed to Group undertakings	100,000	-	100,000	-	-	-	-
Total	100,000	-	100,000	-	-	-	-

The amount owed to Group undertakings is repayable on demand and therefore classified as due in less than one month in the analysis of contractual cashflows set out in the above tables However, it is not expected that all amounts will be settled within the next 12 months

13. Related party transactions

(a) Ultimate parent and shareholding

The Company's immediate parent undertaking is Scottish Widows Group Limited, a Company registered in the United Kingdom Scottish Widows Group Limited has taken advantage of the provisions of the Companies Act 1985 and has not produced consolidated accounts

The Company's ultimate parent company and ultimate controlling party 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 Lloyds TSB Group plc financial statements in which the Company is consolidated can be obtained from the Group Secretary's Department, Lloyds TSB Group plc, 25 Gresham Street, London, EC2V 7HN

(b) Transactions and balances with related parties

Transactions between the Company and other companies in the Lloyds TSB Group

The Company has entered into the following transactions with other related parties during the year and holds the following balances with other related parties at the end of the year

Counterparty	Transaction type	2007 £000	2006 £000
Scottish Widows Group Limited	Intercompany debtor in respect of subsidiary companies transferred to the Company and restructuring in 2002	550,969	550,969
	Intercompany debtor	7,863	-
Scottish Widows plc	Non-interest bearing loan	99,639	100,000
Scottish Widows Investment Partnership	Investment in Global Liquidity Fund	-	7,506
	Interest earned	398	333
	Interest receivable	-	32
TSB Investment Services Limited	Intercompany creditor	26	-

Transactions between the Company and key management

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, is the Directors

The Directors consider that they receive no remuneration for their services to the Company The Directors are also Directors of certain key operating companies within the Lloyds TSB Group, of which the Company is a member The emoluments of the Directors are disclosed in the financial statements of those companies

14. Share-based payments

During the year ended 31 December 2007, the Company's ultimate parent company operated share-based payment schemes, all of which are equity settled Further details in respect of these schemes can be found in the financial statements of that company .