

004-504

HILL SAMUEL INVESTMENTS LIMITED

31 December 2004

Member of Lloyds TSB Group



HILL SAMUEL INVESTMENTS LIMITED
25 Gresham Street London EC2V 7HN

DIRECTORS

A J Cumming (Alternate: M A Grant)
A R Foad
M W Joseph
P B Miles
A B Vowles (Alternate: A M Basing)

SECRETARY

S Slattery

AUDITORS

PricewaterhouseCoopers LLP

REGISTERED OFFICE

25 Gresham Street
London EC2V 7HN

REGISTERED NUMBER

1084304

HILL SAMUEL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

The principal activity of the company is investment.

RESULTS

The profit after taxation for the year ended 31 December 2004 amounted to £39,358,000 (2003: £39,223,000) as set out in the profit and loss account on page 6.

An interim dividend of £64,000,000 (2003: £110,000,000) was paid in December 2004.

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:

	Appointed	Resigned
A M Basing*	7 July 2004	
M W Joseph	9 June 2004	
G T Tate		5 May 2004

* alternate to A B Vowles

DIRECTORS' INTERESTS

The interests of those who were directors of the company at the end of the year in the capital of Lloyds TSB Group plc were:

Shares:

	At 1 January 2004 (or later date of appointment)	At 31 December 2004
A M Basing	13,370	13,850
A J Cumming	3,704	2,202
A R Foad	43,729	45,884
M A Grant	14,513	16,117
M W Joseph	29,492	61,193
P B Miles	71,216	72,373
A B Vowles	17,191	18,084

Options to acquire shares:

	At 1 January 2004 (or later date of appointment)	During the year (or since appointment during the year)		At 31 December 2004
		Granted	Exercised/Lapsed	
A M Basing	34,845	-	-	34,845
A J Cumming	52,181	30,292	-	82,473
A R Foad	32,324	15,118	436*	47,006
M A Grant	18,352	28,182	-	46,534
M W Joseph	284,524	-	31,632	252,892
P B Miles	40,867	19,081	-	59,948
A B Vowles	36,005	22,182	-	58,187

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

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

HILL SAMUEL INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

RESPONSIBILITIES OF DIRECTORS

The directors are responsible for preparing the Annual Report. As described below, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom law and accounting standards. 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 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 judgments 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 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.

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 DTI Publications Orderline 0870-1502500 (quoting ref. 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 30 September 2004, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil.

On behalf of the board



S Slattery
Secretary

8 June 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILL SAMUEL INVESTMENTS LIMITED

We have audited the financial statements which comprise 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 in the statement of directors' responsibilities.

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 in to 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.

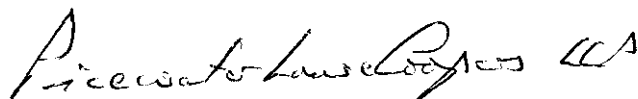
Basis of audit opinion

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 as at 31 December 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors

The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

8 June 2005

HILL SAMUEL INVESTMENTS LIMITED

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, in compliance with the Companies Act 1985. The company is exempted from producing a cash flow statement since a consolidated cash flow statement prepared in accordance with the requirements of Financial Reporting Standard 1 (Revised) is included in the accounts of its ultimate parent company. 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.

(a) Basis of preparation

The company is exempted by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts.

(b) Joint ventures

Income from joint ventures is recognised when received. The investment in joint ventures is stated in the balance sheet at the lower of cost and estimated net realisable value.

(c) Foreign currency translation

All transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the year end except where rates of exchange are fixed under contractual arrangements. All exchange differences arising are dealt with in the profit and loss account.

HILL SAMUEL INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	Note	2004 £000	2003 £000
INCOME FROM JOINT VENTURES		60,634	60,634
OPERATING EXPENSES			
Administrative expenses	1	(16)	125
Management fee payable to fellow subsidiary		70	64
		<u>54</u>	<u>189</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,580	60,445
TAXATION	2	<u>21,222</u>	<u>21,222</u>
PROFIT FOR THE FINANCIAL YEAR		39,358	39,223
DIVIDEND PAID		<u>64,000</u>	<u>110,000</u>
RETAINED LOSS FOR THE FINANCIAL YEAR	6	<u>(24,642)</u>	<u>(70,777)</u>

There are no further gains or losses attributable to the shareholder other than those disclosed above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 8 to 9 form part of these accounts.

HILL SAMUEL INVESTMENTS LIMITED

BALANCE SHEET
at 31 December 2004

	Note	2004 £000	2003 £000
ASSETS			
FIXED ASSETS			
Investments	3	350,000	700,000
CURRENT ASSETS			
DEBTORS			
Amounts owed by group companies	4	366,040	40,934
		<u>716,040</u>	<u>740,934</u>
LIABILITIES			
SHAREHOLDER'S FUNDS			
Called up share capital	5	700,000	700,000
Profit and loss account	6	16,023	40,665
		<u>716,023</u>	<u>740,665</u>
CREDITORS – Amounts falling due within one year			
Amounts owed to group companies	8	16	169
Other creditors		1	100
		<u>17</u>	<u>269</u>
		<u>716,040</u>	<u>740,934</u>



P B Miles
Director

8 June 2005

The notes on pages 8 to 9 form part of these accounts.

HILL SAMUEL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

1 ADMINISTRATIVE EXPENSES

Audit fees for the company are borne by a fellow subsidiary. The company has no employees and the directors received no remuneration in respect of their services to the company.

2 TAXATION

	2004 £000	2003 £000
(a) The charge for the year comprises:		
UK Corporation tax		
Group relief payable on current taxation profit for the year	18,174	18,171
Double taxation relief	(18,174)	(18,171)
	<hr/>	<hr/>
Total group relief payable for year (Note 2 (b))	-	-
Foreign tax		
Current taxation on profit for the year	21,222	21,222
	<hr/>	<hr/>
	21,222	21,222
	<hr/>	<hr/>

(b) Factors affecting the group relief payable for the year

The group relief payable for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit on ordinary activities before taxation	60,580	60,445
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003:30%)	18,174	18,134
Double taxation relief	(18,174)	(18,171)
Permanent difference: Disallowed expenses	-	37
	<hr/>	<hr/>
Total group relief payable for year (Note 2 (a))	-	-
	<hr/>	<hr/>

3 INVESTMENTS IN JOINT VENTURE

	2004 £000	2003 £000
Investments in joint venture	350,000	700,000
	<hr/>	<hr/>

The above investment represents the company's interest as a partner in the following joint venture:

<u>Partnership</u>	<u>% holding</u>	<u>Principal place of business</u>
Sierra Nevada Realty Group	99.00	233 South 4 th Street, Suite 305-F, Las Vegas, Nevada

A 77% share in Laurelwood Partnership was disposed of during the year.

HILL SAMUEL INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

4 AMOUNTS OWED BY GROUP COMPANIES

	2004 £000	2003 £000
Bank deposits	16,040	40,934
Sums due from fellow subsidiary undertakings	350,000	-
	<hr/>	<hr/>
	366,040	40,934
	<hr/>	<hr/>

5 CALLED UP SHARE CAPITAL

	2004 £000	2003 £000
Authorised, allotted and issued fully paid: ordinary shares of £1 each	700,000	700,000
	<hr/>	<hr/>

The immediate parent company is Lloyds TSB Bank plc.

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent company of the largest group of companies 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 companies. 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.

6 PROFIT AND LOSS ACCOUNT

	£000
At 1 January 2004	40,665
Retained loss for the year	(24,642)
	<hr/>
At 31 December 2004	16,023
	<hr/>

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2004 £000	2003 £000
Profit for the year after taxation	39,358	39,223
Dividend paid	64,000	110,000
	<hr/>	<hr/>
Net (decrease) increase in shareholder's funds	(24,642)	(70,777)
Shareholder's funds at beginning of year	740,665	811,442
	<hr/>	<hr/>
Shareholder's funds at end of year	716,023	740,665
	<hr/>	<hr/>

8 AMOUNTS OWED TO GROUP COMPANIES

	2004 £000	2003 £000
Amounts falling due within one year:		
Group relief payable	16	169
	<hr/>	<hr/>

9 DATE OF APPROVAL

The directors approved the accounts on 8 June 2005.