

LLOYDS TSB FINANCIAL CONSULTANTS LIMITED

REPORT OF THE DIRECTORS

AND

ACCOUNTS

31 DECEMBER 2003

1690181

Member of Lloyds TSB Group



Lloyds TSB Financial Consultants Limited
Report and Accounts for the Year Ended 31 December 2003

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Company Information

Board of Directors

N A Berkett
P L Dowrick
G J Lindsay
M E Myers

Secretary

S N Slattery

Auditors

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

Registered Office

25 Gresham Street
London
EC2V 7HN

Company Registration Number

1690781

Directors' Report

Principal activities

The principal activity of the company is the employment of sales consultants to sell the products of Scottish Widows plc and Scottish Widows Unit Trust Managers Limited.

Results and Dividends

The profit after taxation for the year ended 31 December 2003 amounted to £503,000 (2002 : £527,000) as set out in the profit and loss account on page 6. No dividend is proposed to be paid (2002 : £nil).

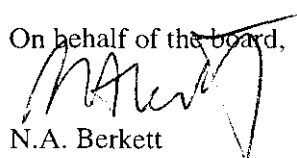
Directors

The names of the directors of the company are shown on page 2. The following changes in directors have taken place during the year:

M E Myers	(appointed 07/04/2003)
J A Spence	(resigned 19/08/2003)
N A Berkett	(appointed 11/09/2003)
G J Lindsay	(appointed 11/09/2003)

Reference is made on page 9 in note 4 to the interests of the directors in the capital of Lloyds TSB Group plc, the ultimate parent company and its subsidiaries.

On behalf of the board,



N.A. Berkett
Director

22nd April, 2004

Report of the Independent Auditors
To the Member of Lloyds TSB Financial Consultants Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

Respective Responsibilities of Directors and Auditors

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

The Directors are responsible for keeping 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 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 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.

Lloyds TSB Financial Consultants Limited
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Report of the Independent Auditors
To the Member of Lloyds TSB Financial Consultants Limited (continued)

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh
22nd April, 2004

Lloyds TSB Financial Consultants Limited
Report and Accounts for the Year Ended 31 December 2003

Profit and Loss Account

	Note	2003 £000	2002 £000
Administrative expenses		-	(1)
Interest payable		(1)	(43)
Interest receivable		720	797
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	719	753
Taxation	5	<hr/> (216)	<hr/> (226)
Profit on ordinary activities after taxation		503	527
Accumulated losses brought forward		<hr/> (37,099)	<hr/> (37,626)
Loss carried forward at 31 December		<hr/> (36,596)	<hr/> (37,099)

There are no recognised gains or losses other than the profit for the financial year and all operations are continuing.

The notes on pages 8 to 11 form an integral part of these accounts.

Lloyds TSB Financial Consultants Limited
Report and Accounts for the Year Ended 31 December 2003

Balance Sheet

	Note	2003 £000	2002 £000
Current assets			
Cash at bank and in hand		3	171
Other debtors		64	65
Other Investments		20,967	20,186
		<u>21,034</u>	<u>20,422</u>
Creditors : amounts falling due within one year	6	<u>(630)</u>	<u>(521)</u>
Net current assets		<u>20,404</u>	<u>19,901</u>
Capital and reserves			
Called up share capital	7	57,000	57,000
Profit and loss account		<u>(36,596)</u>	<u>(37,099)</u>
Equity shareholder's funds	8	<u>20,404</u>	<u>19,901</u>



N.A. Berkett
 Director

The notes on pages 8 to 11 form an integral part of these accounts.

Notes to the Accounts

1. Accounting policies

a. Basis of preparation

The accounts are prepared under the historical cost convention, in compliance with the requirements of the Companies Act 1985 and in accordance with applicable accounting standards.

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 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 associated undertakings.

All business of the company originates in the UK and the directors believe that the company transacts only one class of business.

b. Financial Reporting Standard 17 "Retirement Benefits"

The company complies with Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17"). In accordance with the transitional arrangements of the standard in accounts for the year ended 31 December 2003, supplementary disclosures only are required and these are set out in note 9.

2. Profit on ordinary activities before taxation

The costs relating to the administrative expenses of the company are recharged to Scottish Widows Services Limited. The costs incurred for the year ended 31 December 2003 were as follows:

	2003	2002
	£000	£000
Wages and salaries	7,254	9,726
Social security costs	643	856
Pension costs	411	383
Auditors remuneration	10	10
Recharges to fellow subsidiaries	(8,318)	(10,975)
	<u>-</u>	<u>-</u>

The average number of employees employed by the company during the year was 165 (2002 : 234). The reduction in staff during 2003 can be attributed to natural attrition and transfers of certain staff employment contracts to other companies within the Lloyds TSB Group.

No other fees were paid to the auditors during the year (2002: £nil).

3. Directors' emoluments

No remuneration was paid or is payable by the company to its directors (2002: nil). The 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.

Notes to the Accounts (continued)

4. Directors and their 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 2003 (or later date of appointment) Ordinary shares 25p	At 31 December 2003 Ordinary shares 25p
N A Berkett	-	36
P L Dowrick	6,631	7,498
G J Lindsay	15,477	15,607
M E Myers	2,334	3,337

Options to acquire shares:

	At 1 January 2003 (or later date of appointment)	During the year (or since appointment during the year)			At 31 December 2003
		Granted	Exercised	Lapsed*	
N A Berkett	651,162	-	-	-	651,162
P L Dowrick	30,894	8,573	-	3,426	36,041
G J Lindsay	39,851	-	-	-	39,851
M E Myers	20,016	-	-	-	20,016

*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 interest in the capital of Lloyds TSB Group or its subsidiaries.

5. Tax on profit on ordinary activities

	2003 £000	2002 £000
Profit on ordinary activities before taxation	<u>719</u>	<u>753</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	<u>216</u>	<u>226</u>

6. Creditors: amounts falling due within one year

	2003 £000	2002 £000
Other creditors (taxation)	<u>630</u>	<u>521</u>

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Notes to the Accounts (continued)

7. Called up share capital

	2003	2002
	£000	£000
Authorised, allotted, issued and fully paid Ordinary shares of £1 each	<u>57,000</u>	<u>57,000</u>

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.

8. Reconciliation of movement in shareholder's funds

	2003	2002
	£000	£000
Opening shareholder's funds	19,901	19,374
Profit for the financial year	503	527
Closing shareholder's funds	<u>20,404</u>	<u>19,901</u>

9. Pension costs

The company's employees are members of the defined benefit sections of Lloyds TSB Group Pension Scheme No 1 ("the scheme"). Since the defined benefit section of this scheme is now closed to new members and the age profile of the active members is increasing, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

Full details of the scheme are disclosed in the accounts of the Company's ultimate parent undertaking, Lloyds TSB Group plc. All pension contribution costs have been recharged by the company to fellow subsidiaries within the Lloyds TSB Group.

The last full valuation of the scheme was carried out as at 30 June 2002; this has been updated to 31 December 2003 by qualified independent actuaries.

The scheme is a multi employer scheme and as such it is not possible to separately identify the amount of any surplus or deficit which relates to the company. As such, in the accounts of this company this scheme is accounted for as a defined contributions scheme.

Notes to the Accounts (continued)

10. Related party transactions

Advantage has been taken of the exemption under Financial Reporting Standard 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Lloyds TSB Group, of which the Company is a member.

No contract of significance existed at any time during the period in which a Director or key manager was materially interested or which requires disclosure as a related party transaction as defined under FRS 8 "Related Party Disclosures".

There were no other material transactions by the Company with related parties for the year ended 31 December 2003.

11. Date of approval

The directors approved the accounts on 22 April, 2004.