

ABBAY LIFE EXECUTIVE MORTGAGES LIMITED

DIRECTORS' REPORT AND ACCOUNTS 1999

Directors

J L Davies - Chairman
D K Potts
M P Kilbee

Secretary

S N O'Connor

Registered Office

71 Lombard Street
London EC3P 3BS

Registered Number

2104258



Member of Lloyds TSB Group

ABBEY LIFE EXECUTIVE MORTGAGES LIMITED

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company sold its remaining mortgage loans on 31 May 1998 and has not traded since that date.

DIRECTORS AND THEIR INTERESTS

The names of the Directors of the Company are shown on page 1. The following changes in Directors have taken place during the year and since the balance sheet date:

P F Hook - resigned 31 December 1999
J L Davies - appointed 1 January 2000
J M Bury - resigned 14 April 2000
D K Potts - appointed 4 May 2000

The interests of the Director who was a Director of the Company at 31 December 1999 but who was not also a Director of Lloyds UDT Finance Limited in the capital of Lloyds TSB Group plc was:

Shares:

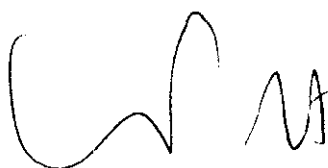
	At 31 December 1999	At 31 December 1998
M P Kilbee	30,077	32,271

Options to acquire shares:

	At 31 December 1998	During the year		At 31 December 1999
		Granted	Exercised	
M P Kilbee	12,146	4,000	-	16,146

M P Kilbee had no other interest in the capital of Lloyds TSB Group plc or its subsidiaries.

On behalf of the Board



D. K. Potts
Director

29 September 2000

ABBEY LIFE EXECUTIVE MORTGAGES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that year. In preparing those accounts, 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 accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

REPORT OF THE AUDITORS
TO THE MEMBER OF ABBEY LIFE EXECUTIVE MORTGAGES LIMITED

We have audited the accounts on pages 4 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the accounts, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st December 1999 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
Erskine House
68-73 Queen Street
EDINBURGH EH2 4NH
29 September 2000

ABBEY LIFE EXECUTIVE MORTGAGES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>NOTE</u>	<u>1999</u>	<u>1998</u>
Turnover	2	-	33,449
Operating charges	3	-	64,283
Profit on sale of mortgage loans		-	130,577
Interest receivable from group undertakings		-	19,345
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	247,654
Taxation	4	-	(76,760)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	170,894
Dividends		-	(220,167)
		<hr/>	<hr/>
RETAINED LOSS FOR THE YEAR		-	(49,273)
RETAINED PROFIT BROUGHT FORWARD		-	49,273
RETAINED PROFIT CARRIED FORWARD		<hr/>	<hr/>
		<hr/>	<hr/>

There are no recognised gains and losses other than those in the profit and loss account and all operations are discontinued.

ABBEY LIFE EXECUTIVE MORTGAGES LIMITED

BALANCE SHEET AT 31 DECEMBER 1999

	<u>NOTE</u>	<u>1999</u>	<u>1998</u>
CURRENT ASSETS			
Amounts due from group undertakings	5	100	297,040
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year			
Corporation tax payable		-	76,773
Dividends payable		-	220,167
		<hr/>	<hr/>
		-	296,940
		<hr/>	<hr/>
NET ASSETS		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account		-	-
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		<u>100</u>	<u>100</u>



D. K. Potts
Director

ABBEY LIFE EXECUTIVE MORTGAGES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

1. ACCOUNTING POLICIES

Accounting Convention:

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Cash flow statement:

The Company is exempt 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 undertaking, Lloyds TSB Group plc.

Investments

Mortgage loans are shown at cost less amounts written off.

Deferred taxation

Deferred taxation is provided at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable.

Related party transactions

The Company is exempt from reporting intra-group related party transactions in accordance with the requirements of Financial Reporting Standard 8 because it is wholly owned by Lloyds TSB Group plc

2. TURNOVER

Turnover, which represents interest on mortgage loans and other operating income, is included in the profit and loss account on an accruals basis.

	<u>1999</u>	<u>1998</u>
Interest on mortgage loans	-	29,240
Other operating income	-	4,209
	<u> </u>	<u> </u>
	-	33,449
	<u> </u>	<u> </u>

The Company operated in one class of business in the UK only.

3. OPERATING CHARGES

Operating charges includes Auditors' remuneration of £NIL (1998 - £1,500) for audit services and the surplus on sale of mortgage loans.

No remuneration was paid or is payable by the Company to the Directors. 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.

ABBEY LIFE EXECUTIVE MORTGAGES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1999

4. TAXATION

The taxation charge is based on the profit for the year and a tax rate of 30.25% (1998: 31%) and is made up as follows:

	<u>1999</u>	<u>1998</u>
On profit for the year:		
Corporation tax	-	76,773
Prior year adjustment		
Corporation tax	-	(13)
	<u>-</u>	<u>76,760</u>

5. AMOUNTS DUE FROM GROUP UNDERTAKINGS

This includes amounts due from Lloyds UDT Finance Limited of £100 (1998 - £297,040).

6. CALLED UP SHARE CAPITAL

	<u>1999</u> £	<u>1998</u> £
Authorised 1,000 ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>
Allotted 100 ordinary shares at £1 each fully paid	<u>100</u>	<u>100</u>

7. GROUP ACCOUNTS

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 UDT Finance Limited 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, 71 Lombard Street, London, EC3P 3BS.

8. DATE OF APPROVAL

The Directors approved the accounts on 29 September 2000.