

SOUTHERN MORTGAGE CORPORATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2011

Registered office

Trinity Road
Halifax
West Yorkshire
HX1 2RG

Registered number

1849640

Directors

I G Stewart
P White

Company Secretary

Lloyds Secretaries Limited



Member of Lloyds Banking Group

SOUTHERN MORTGAGE CORPORATION LIMITED

REGISTERED NUMBER: 1849640

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Principal activities and business review

Southern Mortgage Corporation Limited ("the Company") is a limited company incorporated and domiciled in England and Wales

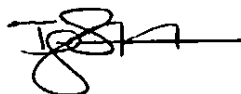
During the year ended 31 December 2011, the Company did not trade or incur any liabilities and consequently has made neither profit nor loss

Directors

The names of the present directors of the Company are shown on the cover.

There have been no changes to the directors during the year or since the year end

On behalf of the Board

A handwritten signature in black ink, appearing to be 'I G Stewart', with a horizontal line extending to the right.

I G Stewart
Director

13TH APRIL 2012

SOUTHERN MORTGAGE CORPORATION LIMITED

BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 £	2010 £
Assets			
Amounts due from other group undertakings	2	1,000	1,000
Total assets		1,000	1,000
Equity			
Share capital	3	1,000	1,000
Total equity		1,000	1,000

For the year ended 31 December 2011, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies

Directors' responsibilities

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts

The financial statements on pages 2 to 4 were approved by the board of directors on 13TH APRIL 2012 and signed on its behalf by



I G Stewart
Director

The accompanying notes are an integral part of the financial statements

SOUTHERN MORTGAGE CORPORATION LIMITED

Notes to the financial statements for the year ended 31 December 2011

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 2006 and in accordance with applicable International Financial Reporting Standards (IFRS). There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements.

A Statement of comprehensive income, a Statement of changes in equity and a Cash flow statement are not presented in these financial statements as these would show £nil amounts for the current and preceding financial years.

2. Assets: Amounts due from other group undertakings

	2011	2010
	£	£
Due from parent undertaking		
At 1 January and 31 December	1,000	1,000

Representing

Bank of Scotland plc

Amounts due from other group undertakings are non-interest bearing and are repayable on demand. The fair value of Amounts due from other group undertakings is equal to their carrying amounts. No provisions have been recognised in respect of Amounts due from other group undertakings.

SOUTHERN MORTGAGE CORPORATION LIMITED

Notes to the financial statements for the year ended 31 December 2011 (continued)

3. Share capital

	2011	2010
	£	£
Allotted, issued and fully paid		
10 ordinary shares of £1 each	10	10
40 preference shares of £1 each	40	40
50 5% non cumulative preference 'A' shares of £1 each	50	50
900 1% non cumulative preference 'B' shares of £1 each	900	900
	1,000	1,000

The authorised share capital of the Company was £1,000 divided into 10 ordinary shares of £1 each, 40 preference shares of £1 each, 50 5% non cumulative preference 'A' shares of £1 each and 900 1% non cumulative preference 'B' shares of £1 each

4. Related party transactions

The Company's immediate parent company is Bank of Scotland plc. The company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc, a limited liability company incorporated and domiciled in Scotland, 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. Bank of Scotland plc is the parent undertaking of the smallest such group of undertakings. Copies of the group accounts of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

The Company's related parties include other companies in the Lloyds Banking 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.

There were no transactions between the Company and key management personnel during the current or preceding year.

Key management personnel are employed by other companies in the Lloyds Banking Group and consider that their services to the Company are incidental to their other activities within the group.