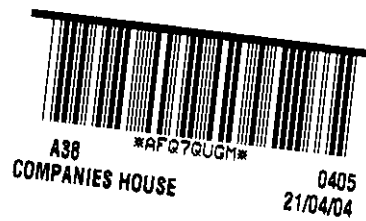


Registered Number 2132959

HALIFAX GROUP QUEST (2) TRUSTEE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003



HALIFAX GROUP QUEST (2) TRUSTEE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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HALIFAX GROUP QUEST (2) TRUSTEE LIMITED

DIRECTORS AND COMPANY INFORMATION

DIRECTORS

R K Moorhouse
A D C Turnbull

COMPANY SECRETARY

G E Stivey

REGISTERED OFFICE

Trinity Road
Halifax
West Yorkshire
HX1 2RG

HALIFAX GROUP QUEST (2) TRUSTEE LIMITED

DIRECTORS'S REPORT

The Directors present their Report and Financial Statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITY, RESULTS AND DIVIDEND

The Company has not traded during the year and has therefore received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss. The Directors do not recommend the payment of a dividend.

ULTIMATE HOLDING COMPANY

HBOS plc owns all the ordinary share capital of Halifax plc, the immediate parent undertaking of Halifax Group QUEST 2 Trustee Limited.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year were as follows:

R K Moorhouse
A R Newton (resigned 30 April 2003)
A D C Turnbull

During the year no director had any interest in the share capital of the Company or of any group undertaking other than the ultimate holding company and no rights to subscribe for such interests were granted.

The interests of the directors in the shares of the ultimate holding company were as follows:

	As at 31 December 2003	As at 31 December 2002
R K Moorhouse	-	-
A D C Turnbull	2,642	2,544

Under the terms of the HBOS plc Inland Revenue Approved Employee Share Option Plan 2002, options to acquire shares in the ultimate holding company were granted to the following directors:

	Options outstanding as at 31 December 2003	Granted (G), Lapsed (L) or Exercised (E) during the year 1,834 (G)	Options outstanding as at 31 December 2002
R K Moorhouse	4,517		2,683
A D C Turnbull	-	-	-

Under the terms of the HBOS plc Sharesave Plan, options to acquire shares in the ultimate holding company were granted to the following directors:

	Options outstanding as at 31 December 2003	Granted (G), Lapsed (L) or Exercised (E) during the year	Options outstanding as at 31 December 2002
R K Moorhouse	1,723	-	1,723
A D C Turnbull	-	-	-

AUDITORS

Having satisfied the provisions of Section 249AA of the Companies Act 1985 relating to dormant companies the Company has not appointed auditors.

By order of the Board



G E Stivey
Company Secretary

Trinity Road
Halifax
HX1 2RG

20 April 2004

HALIFAX GROUP QUEST (2) TRUSTEE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors: amounts owed by parent Undertaking		<u>2</u>	<u>2</u>
CAPITAL & RESERVES	2		
Called up share capital		<u>2</u>	<u>2</u>

The Company was dormant throughout the year and the Directors make the following statements:

- the Company is eligible to take advantage of the relevant audit exemption (S249AA(1));
- no notice from the Member has been deposited with the Company requiring an audit relative to the year concerned (S249B(2)); and
- the Directors acknowledge their obligation to keep proper accounting records and to prepare accounts which give a true and fair view of the Company's position and are in accordance with the requirements of the Companies Act 1985.

These Financial Statements were approved by the Board of Directors on 20 April 2004 and were signed on its behalf by:



R K Moorhouse
Director

The notes on page 6 form part of these Financial Statements.

HALIFAX GROUP QUEST (2) TRUSTEE LIMITED

PROFIT AND LOSS ACCOUNT

During the financial year the Company received no income and incurred no expenditure and consequently there is neither a profit nor a loss to report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

These Financial Statements have been prepared in accordance with applicable accounting standards and have been drawn up under the historical cost convention.

2 CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

ULTIMATE PARENT UNDERTAKING

The largest Group in which the results of the Company are consolidated is that headed by HBOS plc which owns 100% of the ordinary share capital of Halifax plc, the smallest Group in which the Company is consolidated and the immediate parent undertaking of the Company. Copies of the accounts of HBOS plc and Halifax plc are available from The Mound, Edinburgh, EH1 1YZ.

The Company's ultimate parent undertaking is HBOS plc.