

Registered Number 2326337

EUROPE MORTGAGE COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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EUROPE MORTGAGE COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CONTENTS

	Page
Directors and Company Information	2
Directors' Report	3
Balance Sheet	4
Notes to the Financial Statements	5-6

EUROPE MORTGAGE COMPANY LIMITED

DIRECTORS AND COMPANY INFORMATION

DIRECTORS

P Beddows
HBOS Secretaries Limited
HBOS Directors Limited

SECRETARY

S Moss

REGISTERED OFFICE

Trinity Road
Halifax
West Yorkshire
HX1 2RG

EUROPE MORTGAGE COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the year ended 31 December 2008.

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.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year were as follows:

HBOS Directors Limited
HBOS Secretaries Limited
P Beddows (Appointed 17/07/2008)

During the year no director had any beneficial interest in the share capital of the Company or of any Group undertaking other than in HBOS plc, the ultimate holding company.

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



S Moss
SECRETARY

Trinity Road
Halifax
HX1 2RG

11 March 2009

EUROPE MORTGAGE COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investment in subsidiary		-	-
CURRENT ASSETS			
Debtors: amounts owed by parent undertaking		<u>25,000,000</u>	<u>25,000,000</u>
TOTAL CURRENT ASSETS		<u>25,000,000</u>	<u>25,000,000</u>
CAPITAL & RESERVES	2		
Called up share capital		<u>25,000,000</u>	<u>25,000,000</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)) of the Companies Act 1985;
- 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 11 March 2009 and were signed on its behalf by

A. Lockwood

For and on behalf of HBOS Directors Limited
DIRECTOR

The notes on pages 5 & 6 form part of these Financial Statements.

EUROPE MORTGAGE COMPANY LIMITED

INCOME STATEMENT

During the financial period and the preceding financial period, the Company did not trade and received no income and incurred no expenditure or recognise any other income or expenditure and consequently there is neither a profit nor a loss to report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These Financial Statements are presented in pounds Sterling. They are prepared on the historical cost basis and on a going concern basis.

The company had no cash flows or related party transactions in the current or preceding financial year.

2 CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted, called up and fully paid		
25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>

3 POST BALANCE SHEET EVENT

On 18 September 2008, with the support of the UK Government, the boards of HBOS plc ('HBOS') and Lloyds TSB Group plc ('Lloyds TSB') announced that they had reached agreement on the terms of the recommended acquisition of HBOS by Lloyds TSB. The terms of the acquisition were subsequently amended, as announced on 13 October 2008, at the same time as the announcement of the participation by HBOS and Lloyds TSB in the Government's action plan to recapitalise some of the major UK banks. The acquisition was to be implemented by means of a scheme of arrangement with a separate scheme of arrangements in relation to preference shares, under sections 895 to 899 of the Companies Act 2006.

On 12 January 2009 the Court of Session in Edinburgh, Scotland made an order sanctioning the scheme of arrangement for the acquisition and the preference share scheme of arrangement. The last day of trading in HBOS ordinary and preference shares was 14 January 2009.

On 15 January 2009 HBOS raised £11.5bn of capital (before costs and expenses) through an issue of £8.5bn of new ordinary shares under a placing with HM Treasury subject to clawback by existing shareholders, and an issue to HM Treasury of £3bn of new preference shares. Lloyds TSB raised £4.5bn (before costs and expenses) through an issue of £3.5bn of new ordinary shares under a placing with HM Treasury subject to clawback by existing shareholders, and an issue to HM Treasury of £1bn of new preference shares.

On 16 January 2009 the Lloyds TSB acquisition of HBOS completed following final court approval and Lloyds TSB was renamed Lloyds Banking Group plc. The exchange of HBOS shares for Lloyds Banking Group shares took place at an exchange ratio of 0.605 of a new Lloyds Banking Group share for every one HBOS share held. As a result, the UK Government through HM Treasury owned approximately 43.4% of the enlarged ordinary share capital of Lloyds Banking Group. In addition, each class of preference share issued by HBOS, including the preference shares issued to HM Treasury in the capital raising was replaced with an equal number of new Lloyds Banking Group preference shares.

HBOS ordinary and preference shares were de-listed from the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange was cancelled on 19 January 2009 when trading in the new Lloyds Banking Group shares commenced.

4 ULTIMATE PARENT UNDERTAKING

As at 31 December 2008 the Company's immediate parent company was Bank of Scotland plc. The company regarded by the directors as the ultimate parent company at 31 December 2008 was HBOS plc, a limited liability company incorporated and domiciled in Scotland, which was 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 was the parent undertaking of the smallest such group of undertakings.

From 16 January 2009, Europe Mortgage Company Limited's ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group) which is incorporated in Scotland. Lloyds Banking Group plc will produce consolidated accounts for the year ended 31 December 2009. Copies of the annual report and accounts of Lloyds TSB Group plc for the year ended 31 December 2008 may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London, EC2V 7HN.

Prior to 16 January 2009, HBOS plc was the ultimate parent undertaking of Europe Mortgage Company Limited. Copies of the annual report and accounts of HBOS plc for the year ended 31 December 2008 may be obtained from HBOS plc's registered office at The Mound, Edinburgh, EH1 1YZ.