

Registered Number 2332581

ALBION COLLECTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2004



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ALBION COLLECTIONS LIMITED
DIRECTORS AND COMPANY INFORMATION

DIRECTORS

R A Devey
A MacFarlane

SECRETARY

S Mayer

REGISTERED OFFICE

Dawsons Corner
50 Cote Lane
Leeds
LS28 5ED

ALBION COLLECTIONS LIMITED

DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the year ended 31 December 2004.

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 parent undertaking.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year were as follows:

S Mayer	Resigned 29/10/2004
A MacFarlane	Appointed 29/10/2004
RA Devey	Appointed 29/10/2004

Directors' beneficial interests in the ordinary shares of HBOS plc during the year were as follows:

(References to "HBOS plc shares" are to ordinary shares of 25p each in HBOS plc)

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.

The beneficial interests of the Directors and their immediate families in HBOS plc shares are set out below:-

	1 January 2004 (or date of appointment)	31 December 2004
A Macfarlane	2,911	4,196
R A Devey	4,568	4,568

Short-term Incentive Plan

Certain Directors have a conditional element to shares arising from the annual incentive. Where the annual incentive was taken in shares and these shares are retained in trust for 3 years, the following shares will also be transferred to the Directors.

	shares granted in the year	held @ 31 December 2004
A Macfarlane	484	978
R A Devey	1,243	2,269

Long-term Bonus Scheme

HBOS scheme and former Halifax scheme

Details of the shares which have been conditionally awarded to Directors under the plans are set out below. The conditional relating to the long-term incentive plan may be found in the HBOS plc Annual Report & Accounts 2004.

	At 31.12.03	Granted in the year	Performance Bonus	Dividend reinvestment shares	Released in year	At 31.12.04
A Macfarlane	Nil	Nil	Nil	Nil	Nil	Nil
R A Devey	11,023	6,694	Nil	Nil	Nil	17,717

Shares granted under these plans can crystallise at any level between 0% and 200% of the conditional award noted in the above table, dependant upon performance. The performance period for the January 2001 grant ended on 31st December 2003 and, in the light of the performance outcome, grants were released at 200% of the conditional award. On maturity, dividend reinvestment shares equivalent to approximately 26% of the original conditional grant were also released to participants in accordance with the rules of the plan.

Long-term Incentive Plan

HBOS scheme, former bank of Scotland scheme and former Halifax scheme

Share options granted between 1995 and 2000 under the Bank of Scotland Executive Stock Option Scheme 1995 are subject to performance pre-conditions which have now been satisfied. Share options granted under other plans are not subject to a performance precondition. Details of the options outstanding under these plans are set out below.

	1 January 2004 (or date of appointment)	granted	exercised	31 December 2004
A Macfarlane	6,604	2,105	Nil	8,709
R A Devey	4,281	4,042	Nil	8,323

Sharesave Plan

Share options granted under these plans are set out below.

	1 January 2004 (or date of appointment)	granted	exercised	31 December 2004
A Macfarlane	3,982	Nil	Nil	3,982
R A Devey	2,970	Nil	Nil	2,970

Options under these plans were granted using middle marker prices shortly before the dates of the grants, discounted by 20%.

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



Sally Mayer
SECRETARY

Dawsons Corner
50 Cote Lane
Leeds
LS28 5ED

24 February 2005

ALBION COLLECTIONS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2003 £	2004 £
CURRENT ASSETS			
Debtors: amounts owed by parent undertaking		<u>100</u>	<u>100</u>
CAPITAL & RESERVES			
Called up share capital	2	<u>100</u>	<u>100</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;
- the Directors have taken advantage of the exemption conferred by S249AA during the financial year, the Company having acted as an agent for Halifax plc;
- 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 24 February 2005 and were signed on its behalf by



A Macfarlane
DIRECTOR

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

ALBION COLLECTIONS 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 2004

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 £	2004 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

3 ULTIMATE PARENT UNDERTAKING

The largest Group in which the results of the Company are consolidated is that headed by HBOS plc. HBOS plc owns 100% of the ordinary share capital of Halifax plc, the smallest Group in which the Company is consolidated. Halifax plc is the Company's immediate parent.

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.