

Registered Number 2332581

**ALBION COLLECTIONS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2006**



# **ALBION COLLECTIONS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**ALBION COLLECTIONS LIMITED**  
**DIRECTORS AND COMPANY INFORMATION**

**DIRECTORS**

A McKechnie  
D G Usher

**SECRETARY**

A Lockwood

**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 2006

#### **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

I D Standland	Resigned 14/11/2006
A McKechnie	Appointed 24/11/2006
D G Usher	

**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 2006 (or at date of appointment) HBOS plc shares	31 December 2006 HBOS plc shares
D G Usher	20,786	12,934
A McKechnie	0	0

Short-term Incentive Plan  
HBOS scheme and former Halifax scheme

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 2006
A McKechnie	0	0
D G Usher	911	2,727

Long-term Incentive 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 2006

	Grant effective from	At 31 December 2005 or date of appointment if later	Granted (G) or lapsed (L) in year	Added as a result of performance	Dividend reinvestment shares	Released in year	At 31 December 2006
A McKechnie		Nil	Nil	Nil	Nil	Nil	Nil
D G Usher		3,849	4,415	Nil	Nil	Nil	8,264

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 2002 grant ended on 31st December 2004 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 2006	granted	exercised	31 December 2006
A McKechnie	Nil	Nil	Nil	Nil
D G Usher	10,065	Nil	Nil	10,065

### Sharesave Plan

Share options granted under these plans are set out below

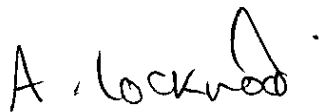
	1 January 2006 (or date of appointment)	granted	exercised	31 December 2006
A McKechnie	Nil	Nil	Nil	Nil
D G Usher	2,329	Nil	Nil	2,329

Options under these plans were granted using middle market 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



A Lockwood  
SECRETARY

Dawsons Corner  
50 Cote Lane  
Leeds  
LS28 5ED

21 February 2007

**ALBION COLLECTIONS LIMITED**

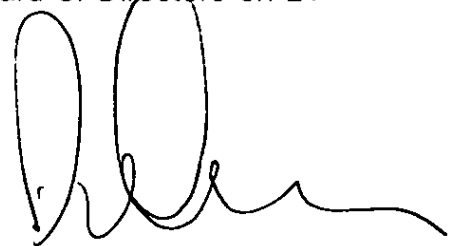
**BALANCE SHEET AS AT 31 DECEMBER 2006**

	Note	2005 £	2006 £
CURRENT ASSETS			
Debtors amounts owed by parent undertaking		<u>100</u>	<u>100</u>
CAPITAL & RESERVES	2		
Called up share capital		<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 21 February 2007 and were signed on its behalf by



D G Usher  
DIRECTOR

The notes on page 7 form part of these Financial Statements

## **ALBION COLLECTIONS 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 2006**

#### **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**

	<b>2005</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
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