HALIFAX PREMISES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

Registered office

25 Gresham Street
London
United Kingdom
EC2V 7HN

Registered number

02355871
Incorporated and Registered in England & Wales

Director

M R Lickley

Member of Lloyds Banking Group Plc

HALIFAX PREMISES LIMITED

DIRECTOR'S REPORT
For the year ended 31 December 2015

The Director presents his report and the audited financial statements for the year ended 31 December 2015.

Business review and principal activities

Halifax Premises Limited (the "Company") holds a portfolio of operational and non-operational properties that were formally part of Halifax Estate Agents Limited and were not transferred to the purchaser of that entity on disposal. The Company leases one of the properties to third party tenants to offset the cost of holding the properties, but is not in the business of leasing or holding free hold properties to generate rental income.

The results of the Company for the year are set out in the statement of comprehensive income on page 6.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the frame work established for the Group and are not managed separately for the Company. Further detail of the Company's and Group risk management policies are contained in note 3 to the financial statements.

Key Performance Indicators ("KPIs")

KPIs are provided in the form of the statement of comprehensive income and balance sheet. Given the straightforward nature of the business, the Company's Director is of the opinion that further KPIs are not required.

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Future outlook

The Company will continue to hold non-operational property interests that were formally part of Halifax Estate Agents Limited and were not transferred to the purchaser of that entity on disposal.

Dividends

The Director does not recommend the payment of a dividend (2014: £nil).

Going Concern

The Director of the Company is satisfied that it is the intention of Lloyds Banking Group Plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

The Directors during the year and up to the date of signing this report were:

	Appointed	Resigned
B E K Horrell	17/09/2013	01/04/2015
I J Lloyd	22/01/2014	08/03/2016
M R Lickley	16/04/2015	

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year.

Statement of Director's responsibilities

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HALIFAX PREMISES LIMITED

DIRECTOR'S REPORT (CONTINUED)
For the year ended 31 December 2015

Director's indemnities

Lloyds Banking Group Plc has granted to the Directors of the Company, including former Directors who retired during the year, a deed of indemnity through deed poll which constituted 'third party indemnity provisions' for the purposes of the Companies Act 2006.

The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the Director who joined the Board of the Company during the financial year.

Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service.

The indemnity remains in force for the duration of a Director's period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group Plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Independent Auditors and disclosure of information to auditors

In accordance with Section 418, in the case of each Director in office at the date the Director's Report is approved, that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the Board

M R Lickley
Director

16 SEPTEMBER 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALIFAX PREMISES LIMITED

Report on the financial statements

Our opinion

In our opinion, Halifax Premises Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Halifax Premises Limited's financial statements comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.
In applying the financial reporting framework, the Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALIFAX PREMISES LIMITED (CONTINUED)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Director was not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Director

As explained more fully in the Statement of Director's responsibilities set out on page 2, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Director's report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol, BS2 0FR
16/09/ 2016

HALIFAX PREMISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	2015 £'000	2014 (Restated) £'000
Rental Income	5	29	83
Operating income/(expenses)	6	78	(515)
Non-operating expenses	7	-	(219)
Profit/(loss) before income tax		107	(651)
Income tax (charge)/credit	11	(22)	368
Profit/(loss) for the year attributable to owners of the parent, being total comprehensive income/(expense)		85	(283)

The notes on pages 10 to 23 are an integral part of these financial statements.

For details of the restatement please see note 22.

HALIFAX PREMISES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Issued capital £'000	Accumulated Losses £'000	Total equity £'000
Balance at 1 January 2014 (Restated)	100	(8,707)	(8,607)
Loss and total comprehensive expense for the year	-	(283)	(413)
Balance at 31 December 2014 (Restated)	100	(8,990)	(8,890)
Profit and total comprehensive income for the year	-	85	85
Balance at 31 December 2015	100	(8,905)	(8,805)

The notes on pages 10 to 23 are an integral part of these financial statements.

For details of the restatement please see note 22.

HALIFAX PREMISES LIMITED

BALANCE SHEET
As at 31 December 2015

	Note	2015 £'000	2014 (Restated) £'000	2013 (Restated) £'000
Assets				
Non-current assets				
Property, plant and equipment	14	877	924	1,375
Total non-current assets		877	924	1,375
Current assets				
Assets classified as held for sale	12	-	325	300
Tax receivable	16	346	368	28
Total current assets		346	693	328
Total assets		1,223	1,617	1,703
Equity				
Issued capital	15	100	100	100
Accumulated losses		(8,905)	(8,990)	(8,707)
Total Equity		(8,805)	(8,890)	(8,607)
Liabilities				
Non-current liabilities				
Onerous lease provision	13	45	79	369
Dilapidations provision	13	500	511	33
Total non-current liabilities		545	590	402
Current liabilities				
Trade and other payables	17	8,684	8,542	8,170
Dilapidations provision	13	799	1,375	1,738
Total current liabilities		9,483	9,917	9,908
Total liabilities		10,028	10,507	10,310
Total equity and liabilities		1,223	1,617	1,703

The financial statements on pages 6 to 23 was approved by the Director and were signed by: M. Lickley

M R Lickley (Director) 16 SEPTEMBER 2016

The notes on pages 10 to 23 are an integral part of these financial statements.
For details of the restatement please see note 22.
Company Number 02355871.

HALIFAX PREMISES LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Note	2015 £'000	2014 (Restated) £'000
Cash flows from operating activities			
Profit/(loss) before income tax		107	(651)
Depreciation		47	63
Increase in trade and other payables		143	372
Increase in trade and other receivables		22	(340)
Decrease in onerous lease provision		(34)	(290)
(Decrease)/increase in dilapidation provision		(588)	115
Non-operational asset write off		-	90
Write-down of historic fair value adjustments		-	59
Disposal proceeds		325	239
Revaluation adjustment of property held for sale		-	(25)
Tax paid		(22)	368
Net cash change from operating activities		-	-
Net change in cash and cash equivalents			
Cash and cash equivalents' at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

The notes on pages 10 to 23 are an integral part of these financial statements.

For details of the restatement please see note 22.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

1 General information

The Company is domiciled in England.

The 2014 financial statements have been restated to reflect the recognition of dilapidation provisions within the company that were previously held in the company's parent. For details of the restatement please see note 22.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently for each of the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), International Financial Reporting Issues Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Implementation of new standards and amendments to published standards and interpretations

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that would be expected to have a material impact on the Company.

The following pronouncements will not be relevant to the Company and were not effective as at 31 December 2015:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.2 Implementation of new standards and amendments to published standards and interpretations (continued)

Pronouncement	Nature of change	IASB effective date
IFRS 9 Financial Instruments	IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. These changes are not expected to have a significant impact on the Group. IFRS 9 also replaces the existing 'incurred loss' impairment approach with an expected credit loss approach. This change is likely to result in an increase in the Group's balance sheet provisions for credit losses although the extent of any increase will depend upon, amongst other things, the composition of the Group's lending portfolios and forecast economic conditions at the date of implementation. In February 2015, the Basel Committee on Banking Supervision published a consultative document outlining supervisory expectations regarding sound credit risk practices associated with implementing and applying an expected credit loss accounting framework. A final version is expected to be issued at the end of 2015. The hedge accounting requirements of IFRS 9 are more closely aligned with risk management practices and follow a more principle-based approach than IAS 39. The revised requirements are not expected to have a significant impact on the Group. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. As at 31 December 2015, this standard is awaiting EU endorsement.	Annual periods beginning on or after 1 January 2018.

Pronouncement	Nature of change	IASB effective date
IFRS 15 Revenue from Contracts with Customers	IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled to exchange for goods and services. Financial instruments, leases and insurance contracts are out of scope and so this standard is not expected to have a significant impact on the Group.	Annual periods beginning on or after 1 January 2018.

2 Summary of significant accounting policies (continued)

2.3 Going Concern

The Director of the Company is satisfied that it is the intention of Lloyds Banking Group Plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

2.4 Financial assets and liabilities

Financial assets and liabilities comprise trade and other receivables and trade and other payables.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognised when the rights to received cash flows, or obligation to pay cash flows, have expired.

Interest bearing financial assets and liabilities are recognised and measured at amortised cost inclusive of transaction costs, using the effective interest rate method.

2.5 Assets held for sale

Assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

2.6 Trade and other receivables

Trade and other receivables comprise of £346,000 (2014: £368,000) Group Relief due from BOS Plc.

Trade and other receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 Trade and other payables

Trade and other payables comprise of £8,684,000 (2014: £8,542,000) intercompany balance payable to BOS Plc due to BOS Plc making payments on behalf of Halifax Premises Limited.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2 Summary of significant accounting policies (continued)

2.8 Current and deferred income tax

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.9 Share capital

Ordinary shares are classified as equity.

2.10 Provisions

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

The Company recognises Onerous Lease Provisions in respect of vacant leasehold property where the unavoidable costs of the present obligations exceed anticipated rental income. The provisions are assessed annually and are based on current lease obligations.

The Company recognises Dilapidations Provisions in respect of leasehold property where costs are expected to be incurred in the future to return the property to the landlord in an agreed condition at the end of the lease. Current obligations relate to leases for vacant properties which have expired and there are ongoing negotiations over the level of dilapidations payments to the landlord or where the lease expires within 12 months of the balance sheet date. Non-current obligations relate to leases for vacant properties which expire after 12 months of the balance sheet date.

2 Summary of significant accounting policies (continued)

2.11 Impairment

The carrying amounts of the Company's trade and other receivables are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of trade and other receivables exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

1. Calculation of recoverable amount

The recoverable amount of trade and other receivables is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Reversals of impairment

An impairment loss in respect of trade and other receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

2.12 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Freehold or leasehold property is stated at cost and depreciated over 50 years or the length of the lease term if shorter. Plant & machinery and fixtures & fittings, less the estimated residual value, is written off in equal instalments over the expected lives of the assets, generally between 3 and 15 years.

2.13 Leases

In line with the Group policy of the parent undertaking (Bank of Scotland Plc) all properties are leased under operating leases and the associated rent payable is included in other operating expense in the income statement.

2.14 Rental income

Rental income is recognised on an accruals basis in the income statement.

3 Financial management

3.1 Financial risk factors

The Company's operations expose it to liquidity risk. It is not exposed to any significant foreign exchange risk, interest rate risk or market risk. Responsibility for the control of overall risk lies with the Director, operating within a management framework established by the ultimate parent company, Lloyds Banking Group Plc.

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash flows. Prudent liquidity risk management implies maintaining the continuing financial support from the parent company.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2015				
Amount due to Group undertakings	8,684	-	-	-
At 31 December 2014				
Amount due to Group undertakings	8,542	-	-	-

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of operating expenses during the year. Although those estimates are based on management's best knowledge of the amount, actual results ultimately may differ from those estimates.

The assumptions used when calculating the Onerous Lease Provision and Dilapidations Provision are reviewed at least annually to ensure the provisions are set using up to date information at each financial year end.

There are no other significant accounting estimates or judgements that have been used in preparation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

5 Rental Income

	2015 £'000	2014 (Restated) £'000
Rental Income	29	83
	29	83

6 Other operating income/(expenses)

	2015 £'000	2014 (Restated) £'000
Rents	(149)	(279)
Rates	(52)	(66)
Services charges	(6)	(6)
Utilisation of onerous lease provision (note 13)	34	290
Dilapidations	298	(359)
Management Fees	-	(29)
Insurance	-	(3)
Depreciation (note 14)	(47)	(63)
	78	(515)

For details of the restatement please see note 22.

7 Non-operating expenses

	Note	2015 £'000	2014 £'000
Non-operational asset write off	14	-	(90)
Write-down of historic fair value adjustments	14	-	(59)
Loss on disposal of Property, Plant and Equipment	14	-	(95)
Revaluation adjustment of property held for sale	12	-	25
Total Non-operating expenses		-	(219)

The reduction in the fair value adjustment in 2014 relates to buildings transferred into Halifax Premises Limited which have since been disposed of.

8 Directors' emoluments

Neither the Director nor key management personnel received emoluments in the year, or previous year, for qualifying services to the Company.

9 Personnel expenses

During the year the Company employed no permanent staff (2014: Nil).

10 Auditors' remuneration

Auditors' remuneration was borne by the Bank of Scotland Plc. Fees payable to the auditors are £6,000 (2014: £6,000). Fees payable to the auditor and its associates for services other than the statutory audit are not disclosed since the consolidated financial statements of Lloyds Banking Group Plc, the ultimate parent undertaking, are required to disclose non-audit fees on a consolidated basis.

11 Income tax (charge)/credit

(a) Analysis of tax (charge)/credit for the year

	2015 £'000	2014 (Restated) £'000
UK Corporation tax - current tax (charge)/credit on taxable profit for the year	(22)	368
	(22)	368

The tax (charge)/credit on the Company's profit for the year is calculated at a rate of 20.25% (2014: 21.5%) of taxable profit for the year.

HALIFAX PREMISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

11 Income tax (charge)/credit (continued)

(b) Factors affecting the tax (charge)/credit for the year

A reconciliation of the (charge)/credit that would result from applying the standard UK corporation tax rate to profit before tax to the tax (charge)/credit for the year is given below:

	2015	2014 (Restated)
	£'000	£'000
Loss on ordinary activities before taxation	107	(651)
Tax credit thereon at UK corporation tax rate of 20.25% (2014: 21.5%)	(22)	140
Factors affecting tax credit:		
Depreciation on leasehold properties not equalised	(9)	(13)
Provision tax adjustment	9	71
Leasing non-taxable income		(1)
Loss on disposal of fixed assets		(51)
Gains exempted or covered by capital losses		5
Adjustment in respect of previous years		217
Total taxation (charge)/credit	(22)	368

The Finance Act 2013 (the Act) was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21 per cent with effect from 1 April 2014 and 20 per cent with effect from 1 April 2015

On 8 July 2015, the Government announced that the corporation tax rate applicable from 1 April 2017 would be 19 per cent and from 1 April 2020 would be 18 per cent. The proposed reductions in the rate of corporation tax are expected to be enacted during 2015.

12 Assets classified as held for sale

The assets relate to non-operational properties transferred into Halifax Premises Limited after the sale of Halifax Estate Agencies Limited.

The assets are presented at their carrying amount.

	2015	2014
	£'000	£'000
As at 1st January	325	300
Revaluation adjustment (Note 7)	-	25
Sales proceeds	(325)	-
As at 31 December	-	325

The asset was sold in 2015 for the carrying value of £325,000.

13 Provisions

	Onerous Lease Provision £'000	Dilapidations Provision £'000
As at 31 December 2013 and 1st January 2014	369	1,771
Creation	-	969
Utilisation	(290)	(243)
Released	-	(611)
As at 31 December 2014	79	1,886
Creation	-	38
Utilisation	(34)	(290)
Released	-	(335)
As at 31 December 2015	45	1,299
Of which:		
Current	-	799
Non-current	45	500

Onerous lease provision relates to rent, rates and service charge costs on non-operational assets which were generated on the transfer of the assets into Halifax Premises Limited from Halifax Estate Agents Limited. One property has been sublet to recover some of the costs incurred, however all other properties have remained vacant and have not been sublet.

Dilapidations provisions relate to the cost of restoring leased premises to their original state upon exit.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

14 Property, Plant and Equipment

Leasehold Property relates to works carried out to leasehold properties and not the lease itself.

	Freehold Property £'000	Leasehold Property £'000	Plant and Machinery £'000	Fixtures & Fittings £'000	Total £'000
At 31 December 2014					
Cost	1,802	656	71	290	2,819
Accumulated depreciation	(957)	(594)	(71)	(273)	(1,895)
Net book amount	845	62	0	17	924
Year ended 31 December 2015					
Opening net book amount	845	62	0	17	924
Additions	0	0	0	0	0
Depreciation	(19)	(19)	0	(9)	(47)
Disposals	0	0	0	0	0
Closing net book amount	826	43	0	8	877
At 31 December 2015					
Cost	1,802	656	71	290	2,819
Accumulated depreciation	(976)	(613)	(71)	(282)	(1,942)
Net book amount	826	43	0	8	877

The closing property, plant and equipment balance previously reported for 2014 was £1,005,000. This has been adjusted to reflect a write off of assets relating to non-operational properties that were exited prior to 2013.

There has also been a reclassification between freehold property and leasehold property in line with the latest fixed asset register information.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

15 Issued Capital

	2015 £'000	2014 £'000
Issued and fully paid:		
2015:100,000 (2014:100,000) ordinary shares of £1 each	100	100

Holders of the Ordinary Shares (Bank of Scotland Plc) are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company.

During the year, as permitted by the Companies Act 2006, the Company removed references to authorised share capital from its articles of association.

16 Trade and other receivables

	2015 £'000	2014 £'000
Group Tax Relief	346	368

17 Trade and other payables

	2015 £'000	2014 (Restated) £'000
Amounts due to group undertakings	8,684	8,542

Amounts due to group undertakings were generated on the transfer of assets into Halifax Premises Limited from Halifax Estate Agents Limited, these are non interest bearing and are repayable on demand.

18 Related parties

The Company has a related party relationship with its immediate parent company Bank of Scotland Plc. Details of the related party transactions during the year are disclosed below.

Nature of transaction	*Related Party*	Balance at 31 December 2015	Balance at 31 December 2014 (Restated)	Disclosure in financial statement
Intercompany balance	Bank of Scotland Plc	£8,684,000	£8,542,000	Intercompany funding

UK Government

In January 2009, the UK government through HM Treasury became a related party of Lloyds Banking Group Plc, the Company's ultimate parent company, following its subscription for ordinary shares issued under a placing and open offer. HM Treasury's interest fell below 20% on 11 May 2015. As a consequence, HM Treasury is no longer considered to have a significant influence and ceased to be a related party of the Company for IAS 24 Related Party Disclosures purposes at that date.

Other Group companies have incurred certain costs on behalf of the company which have not been recharged to the company.

19 Parent Undertakings

The Company's immediate parent company is Bank of Scotland Plc. The company regarded by the Director as the ultimate parent company is Lloyds Banking Group Plc (formerly Lloyds TSB Group Plc), a public limited company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements 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 financial statements of Bank of Scotland Plc can be obtained from its registered office at The Mound, Edinburgh, EH1 1YZ.

Lloyds Banking Group Plc have produced consolidated financial statements for the year ended 31 December 2015. Copies of the annual report and financial statements of Lloyds Banking Group Plc for the year ended 31 December 2015 may be obtained from Lloyds Banking Group Plc's head office at 25 Gresham Street, London, EC2V 7HN.

20 Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the balance sheet date (2014: £nil).

21 Leasing commitments

Non-cancellable operating lease rentals are payable as follows:

Land & Buildings	**2015**	**2014 (Restated)**
	£'000	**£'000**
Within one year	128	149
Between one and five years	75	202
After five years	-	-
	203	351
Sublease payments expected to be received until expiration of sublease	7	46

22 Reclassification of comparatives

The following items have been restated in the 2014 comparatives. Details of amounts and account items affected are provided below:

	Restated £'000	Adjustment £'000	Previously reported £'000
Statement of comprehensive income			
For the year ended 31 December 2014:			
Rental income	**83**	(28)	111
Dilapidations	**(359)**	(244)	(115)
Depreciation	**(63)**	33	(96)
Balance sheet			
At 1 January 2014:			
Trade and other payable	**(8,170)**	(47)	(8,123)
Property, plant and equipment	**1,375**	(114)	1,489
Accumulated losses	**(8,707)**	(161)	(8,546)
At 31 December 2014:			
Trade and other payables	**(8,542)**	(319)	(8,223)
Property, plant and equipment	**924**	(81)	1,005
Tax receivable	**368**	(130)	(238)
Accumulated losses	**(8,990)**	(270)	(8,720)

Rental income has been reduced by £28,000 in 2014 to recognise bad debt written off in the parent company. This solely relates to the sub-let tenant in Camberley, which has since been vacated and the freehold sold.

Dilapidation settlements have been recognised in both 2013 (£47,000) and 2014 (£244,000) which were previously not included in the financial statements.

A reduction of £49,000 has been recognised in property, plant and equipment in 2013 and 2014 relating to assets written off for properties vacated prior to the 2013 year end. Depreciation was charged on these assets in 2013 (£33,000) and 2014 (£32,000) which has also been restated and added to the 2013 asset write off value.

In accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' the opening balance sheet for Accumulated Losses has been restated at 1 January 2014 and 31 December 2014.

23 Post balance sheet events

There have been no material events after the balance sheet date.