

Registered Number: 2555030

S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2004



**S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**S. J. S. INVESTMENTS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

J R Quarmby (resigned 23 December 2003)
R P Stross (resigned 23 December 2003)
I D Kerr (appointed 23 December 2003 and resigned 31 December 2004)
R Fleming (appointed 23 December 2003 and resigned 31 December 2004)
J S Lloyd (appointed 23 December 2003)
D J Walkden (appointed 31 December 2004)

SECRETARY

T P Tonkin (resigned 23 December 2003)
L J W Black (appointed 23 December 2003)

REGISTERED OFFICE

Trinity Road
HALIFAX
HX1 2RG

AUDITORS

KPMG Audit plc
1 The Embankment
Neville Street
LEEDS
LS1 4DW

S. J. S. INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company is property investment.

BUSINESS REVIEW

The company was acquired as a part settlement of a debt in The Light Leeds Investments Limited and Clerical Medical Investment Group Limited which operate under a joint arrangement on 23rd December 2003. The debt arose as the development costs of the premises known as "The Light Leeds" during 2002 exceeded the contracted amount. No new property investments were carried out during the period.

RESULTS AND DIVIDEND

The result for the period is shown in the profit and loss account on page 9. The directors do not recommend the payment of a dividend (2003 : £nil).

SUPPLIER PAYMENT POLICY

The company's suppliers are paid through HBOS plc's centralised Accounts Payable department.

For the forthcoming period HBOS plc's policy for the payment of suppliers will be as follows: -

- Payment terms will be agreed at the start of the relationship with the supplier and will only be changed by agreement;
- Standard payment terms to suppliers of goods and services will be 30 days from receipt of a correct invoice for satisfactory goods or services which have been ordered and received unless other terms are agreed in a contract;
- Payment will be made in accordance with the agreed terms or in accordance with the law if no agreement has been made; and
- Suppliers will be advised without delay when an invoice is contested and disputes will be settled as quickly as possible.

HBOS plc complies with the Better Payment Practice Code. Information regarding this Code and its purpose can be obtained from the Better Payment Practice Group's website at www.payontime.co.uk.

The company owed no amounts to trade creditors at 31 December 2004.

**S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

DIRECTORS AND DIRECTORS' INTERESTS

The directors at the date of this report are as listed on page 2.

Directors' beneficial interest in the ordinary shares of HBOS plc during the period were as follows: -

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

During the period, 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: -

	At 31 December 2003 or date of appointment if later HBOS plc shares	At 31 December 2004 HBOS plc shares
J S Lloyd	4,261	6,676
D J Walkden	18,982	90,377

Short-term Incentive Plan – HBOS scheme and former Halifax scheme

Certain directors have conditional entitlements to shares arising from the annual incentive plan. Where the annual incentive for any year was taken in shares and these shares are retained in trust for three years, the following shares will also be transferred to the directors: -

	Grant effective from	Shares at 31 December 2004
J S Lloyd	March 2002	585
	March 2003	681
	March 2004	887
D J Walkden	March 2002	4,746
	March 2003	4,823
	March 2004	4,265

**S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

DIRECTORS AND DIRECTORS' INTERESTS (Cont'd)

Long-Term Incentive Plan – 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 conditions relating to the long-term incentive plan may be found in the HBOS plc Annual Report & Accounts 2004.

	Grant effective from	At 31 December 2003 or date of appointment if later	Granted (G) or lapsed (L) in period	Added as a result of performance	Dividend reinvestment shares	Released in period	At 31 December 2004
J S Lloyd	January 2001	2,939	2,939(L)	-	-	-	-
D J Walkden	January 2001	18,321	-	18,321	4,784	41,426	-
	January 2002	15,000	-	-	-	-	15,000
	January 2003	19,270	-	-	-	-	19,270
	January 2004	-	20,920(G)	-	-	-	20,920

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 31 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.

	Options outstanding at 31 December 2003 or date of appointment	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2004
J S Lloyd	4,651	2,385(G)	7,036

**S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

DIRECTORS AND DIRECTORS' INTERESTS (Cont'd)

Sharesave Plan

Share option granted under these plans are set out below: -

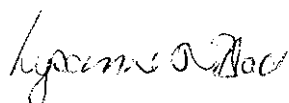
	At 31 December 2003	Granted (G), lapsed (L) or exercised (E) in period	At 31 December 2004
J S Lloyd	517	1,740(G) 517(L)	1,740
D J Walkden	2,761	-	2,761

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

AUDITORS AND ANNUAL GENERAL MEETING

PKF resigned as auditors on 23rd December 2003 and the directors thereupon appointed KPMG Audit Plc to fill the vacancy arising. A resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of The Board



L J W BLACK
SECRETARY

Trinity Road
HALIFAX
HX1 2RG

Date 24/2/05

S. J. S. INVESTMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those accounts, the directors are required to: -

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF S. J. S. INVESTMENTS LIMITED**

We have audited the accounts on pages 9 to 17.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 7, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS
LS1 4DW

Date *24 Feb 2005*

S. J. S. INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2004

		Continuing Operations	
		15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
	Note		
TURNOVER	2	1,121	793
Operating expenses		(120)	(11)
OPERATING PROFIT		1,001	782
Interest receivable and similar income	3	8	9
Interest payable and similar charges	4	(690)	(552)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5,6,7	319	239
Tax on profit on ordinary activities	8	(154)	(66)
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION	9,17	165	173

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2004

		15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
	Note		
Profit for the period	9,17	165	173
Unrealised surplus on revaluation of investment property	10,17	1,815	-
Total gains and losses recognised since last annual report		1,980	173

All of the above amounts are in respect of continuing operations.

A statement of the movement on reserves is shown in note 9 to the financial statements on page 14.

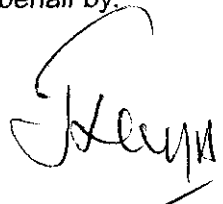
The notes on pages 11 to 17 form part of these financial statements

S. J. S. INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2004

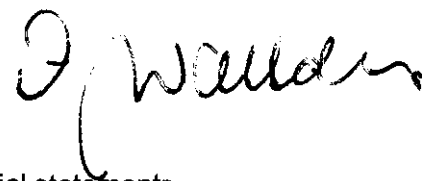
	Note	31 December 2004 £000	30 September 2003 £000
FIXED ASSETS			
Investment Property	11	11,190	9,375
CURRENT ASSETS			
Cash at bank and in hand		-	285
Debtors	12	231	25
CREDITORS			
Amounts falling due within one year	13	(957)	(1,091)
NET CURRENT LIABILITIES		(726)	(781)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,464	8,594
CREDITORS			
Amounts falling due after more than one year	14	(4,394)	(4,631)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(624)	(497)
NET ASSETS		5,446	3,466
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Revaluation reserve	10	4,439	2,624
Profit and loss account	9	1,007	842
EQUITY SHAREHOLDERS' FUNDS	17	5,446	3,466

These financial statements were approved by the Board of Directors on 24/2/05 and were signed on its behalf by:

J S LLOYD
DIRECTOR



D J WALKDEN
DIRECTOR



The notes on pages 11 to 17 form part of these financial statements

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004**

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and have been drawn up under the historical cost convention.

The financial statements have been prepared according to the going concern basis, as facilities are currently made available by the parent company which are sufficient to meet the company's obligations as they fall due.

1.2 INVESTMENT PROPERTIES

Investment Properties are accounted for in accordance with Statement of Standard Accounting Practice (SSAP) 19 'Accounting for Investment Properties' and are revalued annually to open market value. Changes in market value are reflected in the revaluation reserve except when an impairment is deemed to be permanent, when the loss is charged directly against the current period's profit.

No depreciation is provided in respect of investment properties. This treatment is a departure from the requirements of the Companies Act 1985 which require all properties to be depreciated. However, the directors consider that these properties are not held for consumption but for investment and that to depreciate them would not give a true and fair view. The amount of depreciation which might otherwise have been charged cannot be separately identified as it is not practical to assess the estimated useful lives for investment properties.

1.3 DEFERRED TAXATION

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date, except as otherwise required by FRS19.

1.4 CASHFLOW STATEMENT

Under FRS1 (revised 1996) the company is exempt from the requirements to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking, and the consolidated financial statements of HBOS plc, in which the financial statements of the company are included, are publicly available.

2. TURNOVER

Turnover represents rentals, service charge and other income received from tenants.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004 (Cont'd)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
Interest receivable from group undertakings	8	9

4. INTEREST PAYABLE AND SIMILAR CHARGES

	15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
Interest payable to group undertakings	690	552

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
Profit on ordinary activities before taxation is stated after charging:		
Remuneration of auditors for audit services	1	1

6. STAFF NUMBERS AND COSTS

The directors received no emoluments in relation to their services to this company during the period.

7. DIRECTORS' EMOLUMENTS

The directors received no emoluments in relation to their services to this company during the period.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004 (Cont'd)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
<u>Current tax:</u>		
The corporation tax charge for the period based on a tax rate of 30% (2003: 30%)		
- UK corporation tax	27	-
- Deferred tax (note 15)	127	66
	<hr/> 154	<hr/> 66

Factors Affecting the Current Tax Charge for the Period

The tax assessed for the period is lower than the standard rate of corporate tax in the UK of 30% (2003 : 30%). The differences are explained below:

	15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
Profit on ordinary activities before taxation	319	239
Profit on ordinary activities multiplied by the standard rate of corporate tax in the UK	96	72
<u>Effects of:</u>		
Capital allowances in excess of depreciation	(69)	(63)
Other differences	-	(9)
Current corporation tax charge for the period	<hr/> 27	<hr/> -

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004 (Cont'd)

9. PROFIT AND LOSS ACCOUNT

	15 Months Ended 31 December 2004 £000	Year Ended 30 September 2003 £000
Opening balance	842	1,099
Prior period adjustment	-	(430)
Profit for the financial period	165	173
	<hr/>	<hr/>
Closing balance	1,007	842

10. REVALUATION RESERVE

	As at 31 December 2004 £000	As at 30 September 2003 £000
Opening balance	2,624	2,624
Surplus on revaluation of Investment property	1,815	-
	<hr/>	<hr/>
Closing balance	4,439	2,624

11. TANGIBLE FIXED ASSETS

	Investment Property £000
COST	
At 1 October 2003	9,375
Surplus on revaluation (note 10)	1,815
	<hr/>
At 31 December 2004	11,190
	<hr/>
NET BOOK VALUE	
At 31 December 2004	11,190
	<hr/>
At 30 September 2003	9,375
	<hr/>

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004 (Cont'd)

12. DEBTORS

	As at 31 December 2004 £000	As at 30 September 2003 £000
Amounts due from group undertaking (Current account balance with Bank of Scotland £112,000)	112	-
Prepayments and accrued income	119	25
	<hr/> 231	<hr/> 25

All amounts fall due within one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 December 2004 £000	As at 30 September 2003 £000
Amounts due to immediate parent undertaking	473	594
Bank loans and overdrafts	213	190
Corporation tax	27	-
VAT payable	18	35
Accruals and deferred income	226	272
	<hr/> 957	<hr/> 1,091

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 31 December 2004 £000	As at 30 September 2003 £000
Bank loans and overdrafts	4,394	4,631
	<hr/>	<hr/>

Included within creditors above are amounts due after more than five years as follows: -

	As at 31 December 2004 £000	As at 30 September 2003 £000
Bank loans and overdrafts	3,292	3,621
	<hr/>	<hr/>

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004 (Cont'd)

15. PROVISIONS FOR LIABILITIES AND CHARGES

<u>Deferred Taxation</u>	As at 31 December 2004 £000	As at 30 September 2003 £000
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The movement on deferred tax was as follows: -

Balance brought forward	497	431
Current period charge	127	66
	<hr/> 624	<hr/> 497

Deferred Tax comprises: -

Capital allowances on other assets	624	555
Other timing differences	-	(58)
	<hr/> 624	<hr/> 497

16. CALLED UP SHARE CAPITAL

<u>Equity Share Capital</u>	As at 31 December 2004 £000	As at 30 September 2003 £000
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Authorised 100,000 ordinary 'A' shares of £1 each	100,000	100,000
Allotted, called up and fully paid 2 ordinary 'A' share of £1	<hr/> 2	<hr/> 2

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	As at 31 December 2004 £000	As at 30 September 2003 £000
Opening shareholders' funds	3,466	3,293
Profit for the financial period	165	173
Other recognised gains and losses for the period	1,815	-
Closing shareholders' funds	<hr/> 5,446	<hr/> 3,466

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2004 (Cont'd)**

18. TRANSACTIONS WITH RELATED PARTIES

S. J. S. Investments Limited, as a wholly owned subsidiary undertaking of Halifax plc, has prepared its financial statements in accordance with an exemption contained in FRS 8, "Related Party Disclosures". Under this exemption the company has not disclosed details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated financial statements in which S. J. S. Investments Limited is included are publicly available.

19. ULTIMATE PARENT UNDERTAKING

HBOS plc is the ultimate parent undertaking of S. J. S. Investments Limited and heads the largest group into which the accounts of the Company are consolidated.
Halifax plc heads the smallest group into which the accounts of the Company are consolidated. The accounts of Halifax plc may be obtained from its Head Office at Trinity Road, Halifax HX1 2RG.