

BAVARIAN MORTGAGES NO.2 LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

Registered Office

Trinity Road
Halifax
West Yorkshire
HX1 2RG

Registered Number

2586615

Directors

I G Stewart
P White

Company Secretary

Lloyds Secretaries Limited



Member of Lloyds Banking Group

BAVARIAN MORTGAGES NO.2 LIMITED

DIRECTORS' REPORT

Principal activities and business review

During the year ended 31 December 2010, the company did not trade or incur any liabilities and consequently has made neither profit nor loss.

Directors

The names of the present directors of the company are shown on page 1 and the following changes took place.

HBOS Directors Limited (resigned 30th September 2010)
Lloyds Secretaries Limited (resigned 30th September 2010)
I Stewart (appointed 30th September 2010)
P White (appointed 30th September 2010)



For and on behalf of Lloyds Secretaries Limited
Secretary

24 March 2011

BAVARIAN MORTGAGES NO.2 LIMITED

BALANCE SHEET AT 31 DECEMBER 2010

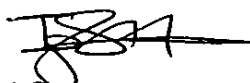
	Note	2010 £	2009 £
Current assets			
Amounts owed by other group companies	2	12,502	12,502
Net assets		12,502	12,502
Equity			
Share capital	3	12,502	12,502
Total equity		12,502	12,502

For the year ended 31 December 2010 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- the directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the board of directors on 24 March 2011 and signed on its behalf by



I Stewart
Director

The accompanying notes are an integral part of the financial statements

BAVARIAN MORTGAGES NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The financial statements have been prepared under the historical cost convention, in compliance with the requirements of the Companies Act 2006 and in accordance with applicable International Financial Reporting Standards (IFRS). There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements.

A statement of comprehensive income, a statement of changes in equity and a statement of cashflows are not presented in these financial statements as these would show nil amounts for the current and preceding financial years.

2. Current assets: amounts owed by other group companies

	2010	2009
	£	£
Owed by parent companies		
At 1 Jan 2010 and 31 December 2010	12,502	12,502
Representing		
Bank of Scotland plc		

Amounts owed by other group companies are non-interest bearing and are repayable on demand. The fair values of amounts owed by other group companies is equal to their carrying amounts. No provisions have been recognised in respect of amounts owed by other group companies.

BAVARIAN MORTGAGES NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

3. Share capital

	2010 £	2009 £
Authorised 50,000 ordinary shares of £1 each	50,000	50,000
Allotted and issued fully paid 2 ordinary shares of £1 each	2	2
Allotted, called up and 25p part paid 49,998 ordinary shares of £1 each	12,500	12,500
	<u>12,502</u>	<u>12,502</u>

4. Related party transactions

The Company's immediate parent company is Bank of Scotland plc. The company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc (formerly Lloyds TSB Group plc), a limited liability company incorporated and domiciled in Scotland, which is 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 is the parent undertaking of the smallest such group of undertakings. Copies of the group accounts of both companies may be obtained from the Company Secretary's Office, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

The company's related parties include other companies in the Lloyds Banking Group, pension schemes of the company's ultimate parent company and the company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, which is determined to be the company's directors.

There were no transactions between the company and key management personnel during the current or preceding year.

Key management personnel are employed by other companies in the Lloyds Banking Group and consider that their services to the company are incidental to their other activities within the group.