

Registered Number 2791894

HALIFAX SECRETARIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

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HALIFAX SECRETARIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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HALIFAX SECRETARIES LIMITED

DIRECTORS AND COMPANY INFORMATION

DIRECTORS

L J W Black
P Gittins
S Mayer

SECRETARY

A Lockwood

REGISTERED OFFICE

Trinity Road
Halifax
West Yorkshire
HX1 2RG

HALIFAX SECRETARIES 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.

R K Moorhouse	Resigned 18/10/2006
L J W Black	Appointed 18/10/2006
P Gittins	
S Mayer	

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
S Mayer	1,113	1,690
L J W Black	1,607	2,538
P Gittins	10,693	13,090

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
S Mayer	180	180
L J W Black	119	547
P Gittins	635	1,849

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
S Mayer	3,431	Nil	950	2,481
L J W Black	3,050	1,879	Nil	4,929
P Gittins	5,574	Nil	1,698	3,876

Sharesave Plan

Share options granted under these plans are set out below.

	1 January 2006	granted	exercised	31 December 2006
S Mayer	1,363	381	316	1,428
L J W Black	2,538	Nil	Nil	2,538
P Gittins	3,274	Nil	Nil	3,274

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 handwritten signature in black ink, appearing to read 'A. Lockwood'. The signature is written in a cursive, slightly stylized font.

A Lockwood
SECRETARY

Trinity Road
Halifax
West Yorkshire
HX1 2RG

21 February 2007

HALIFAX SECRETARIES LIMITED

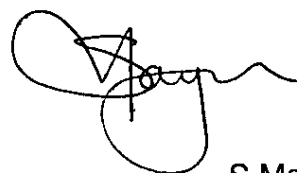
BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2005 £	2006 £
CURRENT ASSETS			
Debtors: amounts owed by parent undertaking		<u>2</u>	<u>2</u>
CAPITAL & RESERVES	2		
Called up share capital		<u>2</u>	<u>2</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;
- 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



S Mayer
DIRECTOR

The notes on page 7 form part of these Financial Statements

HALIFAX SECRETARIES 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

	2005 £	2006 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

3 ULTIMATE PARENT UNDERTAKING

The largest Group in which the results of the Company are consolidated is that headed by HBOS plc which 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