

Registered Number: 3772038

THE LIGHT LEEDS INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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**THE LIGHT LEEDS INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**THE LIGHT LEEDS INVESTMENTS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

A Allen (appointed 6 June 2006)
D Fisher (appointed 6 June 2006)
J S Lloyd (resigned 6 June 2006)
D J Walkden (resigned 6 June 2006)
S Anderson

SECRETARY

L J W Black

REGISTERED OFFICE

Trinity Road
HALIFAX
HX1 2RG

AUDITORS

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

THE LIGHT LEEDS INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company is property investment and development

BUSINESS REVIEW

In 2002, the company and Clerical Medical Investment Group Limited under a joint arrangement have developed the premises known as "The Light Leeds". During 2006, the company and Clerical Medical Investment Group Limited continued with the investment and management of "The Light Leeds".

RISK MANAGEMENT

The key risks and uncertainties faced by the company are managed within the framework established for the HBOS group. The company does not have any exposure to foreign exchange risk. Credit risk and interest rate risk is discussed below.

Credit risk

The exposure to credit risk is monitored through a managing agent DTZ on an ongoing basis. Credit evaluations are performed for all customers and updated regularly.

Interest rate risk

In relation to income earning financial assets and interest bearing financial liabilities, the company has a floating rate loan from the parent company and the level of interest payable in relation to pre-interest earnings is regularly assessed.

Market risk

Market risk is defined as the potential loss in value of earnings of the organisation arising from

- The ability to find and retain retail and leisure tenants by offering competitive quality unit lettings
- A severe down turn in consumer spending impacting on the cashflows of the retailers

The Light Leeds manages this risk by maintaining up to date management information on the market place and quarterly forecasting.

Operational risk

Operational risk is defined within the Basel Capital Accord as the 'risk of loss resulting from inadequate or failed internal processes, people and systems or from external events'. The definition includes legal risk but excludes strategic and reputational risk. Major sources of operational risk may include fraud, system reliability, human error, failure of key suppliers, IT security, business continuity, change management, operational outsourcing and failure to comply with legislation or regulation.

THE LIGHT LEEDS INVESTMENTS LIMITED DIRECTORS' REPORT (Cont'd)

Operational risk (cont'd)

HBOS as a whole focuses on the explicit risk management of specialist areas. The four most material areas are Customer risk, Information and IT risk, Human Resources risk and Financial Crime Prevention.

All specialist areas have clear roles defined to help lead the identification, management and measurement of risks relevant to their areas across the group. Each specialist is led by a Group function which leads and co-ordinates a community of specialists in the eight Operating Divisions. The responsibilities of the group specialists are laid down by the Board Control Manual.

The Leeds Light forms part of Group Property, one of the specialist areas under the HBOS operational risk framework. Operational risks of this development are considered at the Group Property leadership team meeting.

PERFORMANCE

2006 was a successful year for the Light Leeds with revenue up by 25% to £5,958,000. This was due to the increase in letting of units and the effective cost reduction in changing certain supplier contracts. Car Park income rose by 14% to £1,927,000 due to the increased publicity of a 'Safer well lit Car park'. These increases are all in line with the business strategy.

RESULTS AND DIVIDEND

The profit for the year is shown in the income statement on page 10. The directors do not recommend the payment of a dividend (2005: £Nil).

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 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: -

	At 31 December 2005 or date of appointment if later HBOS plc shares	At 31 December 2006 HBOS plc shares
A Allen	2,192	2,508
D Fisher	58,929	58,443
S Anderson	nil	658

**THE LIGHT LEEDS INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

DIRECTORS AND DIRECTORS' INTERESTS (Cont'd)

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 2006
A Allen	March 2006	1,850
D Fisher	March 2004	4,120
	April 2005	5,366
	March 2006	4,960

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 2006.

	Grant effective from	At 31 December 2004 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 2005
D Fisher	January 2003	17,291		16,578	2,683	36,552	-
	January 2004	18,596					18,596
	January 2005	18,253					18,253
	January 2006		16,385(G)				16,385

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 2003 grant ended on 31 December 2005 and, in the light of the performance outcome, grants were released at 183% of the conditional award. On maturity, dividend reinvestment shares equivalent to approximately 15.5% of the original conditional grant were also released to participants in accordance with the rules of the plan.

**THE LIGHT LEEDS INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

DIRECTORS AND DIRECTORS' INTERESTS (Cont'd)

Sharesave Plan

Share options granted under these plans are set out below -

	At 31 December 2005	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2006
D Fisher	3,936		3,936
S Anderson	2,463	1,821(L) 476(G)	1,118

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

GOING CONCERN

The Directors are satisfied that The Light Leeds Investments Limited has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts

AUDIT INFORMATION

The Directors who held office at the date of approval of this Director's Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken to establish that the Company's auditors are aware of that relevant audit information

AUDITORS AND ANNUAL GENERAL MEETING

Pursuant to a resolution passed by the members, the company has elected to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the company in General Meeting, and with the obligation to reappoint auditors annually

By Order of The Board



L J W BLACK
SECRETARY

The Mound
EDINBURGH
EH1 1YZ

Date 29 October 2007

THE LIGHT LEEDS INVESTMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Director's Report.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE LIGHT LEEDS INVESTMENTS LIMITED

We have audited the financial statements of The Light Leeds Investments Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements 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 financial statements, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF THE LIGHT LEEDS INVESTMENTS LIMITED (Cont'd)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS LS1 4DW

Date *29/10/07*

THE LIGHT LEEDS INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £000	2005 £000
Gross rental income	2	5,958	4,760
Service charge income	3	1,560	1,468
Service charge expenses	3	(1,999)	(1,628)
Property operating expenses		(237)	(619)
		<hr/>	<hr/>
NET RENTAL AND RELATED INCOME		5,282	3,981
Valuation gains on investment properties	12	363	5,795
Other income	4	3,765	3,466
Other expenses	5	(5,429)	(5,202)
		<hr/>	<hr/>
Net other expenses		(1,664)	(1,736)
		<hr/>	<hr/>
OPERATING PROFIT		3,981	8,040
Financial expenses	6	(2,087)	(983)
		<hr/>	<hr/>
PROFIT BEFORE TAX	7,8,9	1,894	7,057
Income tax expense	10	(688)	(2,133)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		1,206	4,924
		<hr/>	<hr/>

All of the above profit for the year is attributable to equity holders

A statement of the movement on reserves is shown in note 17 to the financial statements on page 21

The company had no income and expenses other than the profit for the financial year appearing in the income statement above

The notes on pages 13 to 22 form part of these financial statements

THE LIGHT LEEDS INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 £000	£000	2005 £000	£000
ASSETS					
Investment property	12	51,730		54,540	
Investment in subsidiaries	14	<u>2,029</u>		<u>2,029</u>	
TOTAL NON-CURRENT ASSETS			53,759		56,569
CURRENT ASSETS					
Cash and cash equivalents		18,973		9,678	
Income tax recoverable		999		696	
Trade and other receivables	15	<u>12,415</u>		<u>10,326</u>	
TOTAL CURRENT ASSETS			<u>32,387</u>		<u>20,700</u>
TOTAL ASSETS			<u>86,146</u>		<u>77,269</u>
EQUITY					
Issued capital	17	-		-	
Reserves	17	<u>16,402</u>		<u>15,196</u>	
TOTAL EQUITY			16,402		15,196
LIABILITIES					
Deferred tax	16	<u>10,914</u>		<u>10,199</u>	
TOTAL NON-CURRENT LIABILITIES			10,914		10,199
Trade and other payables	18	<u>58,830</u>		<u>51,874</u>	
TOTAL CURRENT LIABILITIES			<u>58,830</u>		<u>51,874</u>
TOTAL LIABILITIES			<u>69,744</u>		<u>62,073</u>
TOTAL EQUITY AND LIABILITIES			<u>86,146</u>		<u>77,269</u>

These financial statements were approved by the Board of Directors on 20 February 2007 and were signed on its behalf by



A ALLEN
DIRECTOR

The notes on pages 13 to 22 form part of these financial statements

THE LIGHT LEEDS INVESTMENTS LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Year Ended 31 December 2006 £000	Year Ended 31 December 2005 £000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	3,981	8,040
Adjustments for		
Increase in trade receivables	(2,089)	(2,992)
Increase / (decrease) in trade payables	6,956	3,972
Property Revaluation	(239)	(5,795)
Net interest/expense	(391)	(230)
Cash generated from operations	<u>8,218</u>	<u>2,995</u>
Interest paid	(2,087)	(983)
Income tax	(276)	277
NET CASH FROM OPERATING ACTIVITIES	<u>5,855</u>	<u>2,289</u>
Cash flows from investing activities		
Interest received	391	230
Proceeds on disposal of property	3,640	-
Fixed asset additions	(591)	(275)
NET CASH FROM INVESTING ACTIVITIES	<u>3,440</u>	<u>(45)</u>
Cash flows from financing activities		
Additional / (reduced) borrowings	-	-
NET CASH FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>9,295</u>	<u>2,244</u>
Cash and cash equivalents at start of period	<u>9,678</u>	<u>7,434</u>
Cash and cash equivalents at 31 December	<u>18,973</u>	<u>9,678</u>

The notes on pages 13 to 22 form part of these financial statements

**THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

The 2006 statutory financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS')

The standards adopted by the Group and Company are those endorsed by the European Union and effective at the date the IFRS financial statements are approved by the Board

The accounts also comply with the relevant provisions of Part VII of the Companies Act 1985, as amended by the Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004

1.2 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost basis, except that the following assets and liabilities are stated at their fair values: derivatives, financial instruments held for trading, financial instruments designated at fair value through the income statement, financial instruments classified as available for sale and investment properties

1.3 ADOPTED IFRS NOT YET APPLIED

IFRS 7 'Financial instruments: Disclosure' and the 'Capital disclosure amendment' to IAS 1 'Presentation of financial statements' which are applicable for periods commencing on or after 1 January 2007 have not been applied. The application of these standards in 2006 would not have affected the balance sheets, income statement or cash flow statements as they are only concerned with disclosure

1.4 INVESTMENTS

Investments are held at cost less provision for impairment

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

1.5 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, without discounting, in respect of all temporary timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, based on the corporation tax rate expected when the timing differences reverse.

Deferred tax assets and liabilities are recognised separately in the balance sheet. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.6 INVESTMENT PROPERTIES

Investment properties, which are defined as properties which are held either to earn rental income or for capital appreciation or both, are initially recognised at cost and fair valued annually. Any gains or losses arising from a change in the fair value are recognised in the income statement in the period that they occur. Investment properties are not depreciated.

1.7 PROPERTY, PLANT AND EQUIPMENT

The cost of plant and equipment less the estimated residual value, is written off in equal instalments over the expected lives of the assets over 8 years.

1.8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

1 10 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost

1.11 IMPAIRMENT

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

2. GROSS RENTAL INCOME

	2006 £000	2005 £000
Gross lease payments	5,958	4,760

Gross rental income represents rentals receivable from tenants and customers for the use of The Light Leeds Centre and Hotel.

3 NET SERVICE CHARGE EXPENSE

Service charge income represents the income receivable from tenants in respect of the services when the company acts as principal.

	2006 £000	2005 £000
Security	526	456
Cleaning	380	315
Public relations	140	205
Maintenance	131	173
Other	822	479
	<u>1,999</u>	<u>1,628</u>
Recharged to tenants	(1,560)	(1,468)
	<u>439</u>	<u>160</u>

Service charge expense is not recharged to tenants in respect of vacant units and tenants with service charge caps.

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

4. OTHER INCOME

	2006	2005
	£000	£000
Interest receivable	391	230
Expenses recharged to Clerical Medical Insurance Group Limited	1,441	1,434
Other operating income	1,933	1,802
	<u>3,765</u>	<u>3,466</u>

Other operating income comprises primarily car park takings

5. OTHER EXPENSES

	2006	2005
	£000	£000
Income payable to Clerical Medical Insurance Group Limited	4,750	4,540
Other operating expenses	679	662
	<u>5,429</u>	<u>5,202</u>

6 FINANCIAL EXPENSES

The financial expense relates to interest payable on funding provided by an intermediate parent company, Halifax plc. The interest charge commenced on 1 July 2005 following a change in Group policy and is charged at base rate, which ranged between 4.5% and 5% during the period. The loan is repayable on demand.

Credit risk

Credit risk occurs in the normal course of the Company's business. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

	Note	Carrying Amount 2006 £000	Fair Value 2006 £000	Carrying Amount 2005 £000	Fair Value 2005 £000
Trade and other receivables	15	12,415	12,415	10,326	10,326
Cash and cash equivalents		18,973	18,973	9,678	9,678
Trade and other payables	18	(58,830)	(58,830)	(51,874)	(51,874)
Total		<u>(27,442)</u>	<u>(27,442)</u>	<u>(31,870)</u>	<u>(31,870)</u>

For receivables and payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value.

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

7. PERSONNEL EXPENSES

The company has no employees. Staff are employed directly by the company's parent undertaking and the associated payroll and expenses are recharged to the company. The company is passing a proportion of these costs to tenants as a service charge.

8 AUDITORS REMUNERATION

	2006 £000	2005 £000
Remuneration of auditors for audit services	14	14
Included within other operating expenses (note 5)		

9. DIRECTORS' EMOLUMENTS

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

10. INCOME TAX EXPENSE

Recognised in the income statement	2006 £000	2005 £000
<u>Current tax expense/(credit)</u>		
- Current year	(111)	(335)
- Prior year corporation tax	84	28
- Deferred taxation	715	2,440
Total income tax expense in income statement	688	2,133
 Reconciliation of effective tax rate	 2006 £000	 2005 £000
Profit / (Loss) on ordinary activities before taxation	1,894	7,057
Income tax using the corporation tax rate	568	2,117
Non-deductible expenses	-	2
Adjustments in respect of prior years	120	14
Other	-	-
	688	2,133

11. CURRENT TAX ASSETS AND LIABILITIES

The current tax asset of £999,000 (2005: £696,000) represents the amount of income tax recoverable through group relief less the amounts received.

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

12. INVESTMENT PROPERTY

	Completed Property £000
COST	
At 1 Jan 2005	48,470
Additions	275
Surplus on revaluation of The Light Leeds Centre and Hotel	5,795
	<hr/> 54,540 <hr/>
At 31 Dec 2005	
 COST	
At 1 Jan 2006	54,540
Additions	467
Disposals	(3,640)
Surplus on revaluation of The Light Leeds Centre and Hotel	363
	<hr/> 51,730 <hr/>
At 31 Dec 2006	
NET BOOK VALUE	
At 31 Dec 2006	<hr/> 51,730 <hr/>
At 31 Dec 2005	<hr/> 54,540 <hr/>

The carrying amount of investment property is the fair value of the property as determined by CB Richard Ellis Limited in accordance with RICS Appraisal and Valuation Standards and having recent experience in the location and category of the property being valued. Fair values were determined having regards to recent market transactions for similar properties in the same location as the Company's investment property.

Investment property comprises The Leeds Light shopping centre and hotel.

Additions relate to an external enhancement programme.

The disposal relates to an investment property at South Parade Leeds and no gain or loss was made on the disposal.

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

14. INVESTMENTS

	2006	2005
	£000	£000
Investment in subsidiary undertakings	2,029	2,029

15. TRADE AND OTHER RECEIVABLES

	2006	2005
	£000	£000
Amounts owed by group undertakings	8,008	4,783
Prepayments and accrued income	3,907	5,043
Loan note from SJS Investments Limited	500	500
	<u>12,415</u>	<u>10,326</u>

The loan from SJS Investments Limited is due in one year

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

16. DEFERRED TAX

	2006 £000	2005 £000
Deferred tax liabilities	10,914	10,199
Deferred tax assets	-	-
	<hr/>	<hr/>
Net position	10,914	10,199
	<hr/>	<hr/>
The movement on deferred tax was as follows -		
Balance brought forward	10,199	7,759
Current period charge	715	2,440
	<hr/>	<hr/>
	10,914	10,199
	<hr/>	<hr/>
-	Capital allowances on other assets £000	Other timing differences £000
Deferred tax liabilities		
At 1 January 2006	4,753	5,446
Charge to income	679	36
	<hr/>	<hr/>
	5,432	5,482
	<hr/>	<hr/>

There are no unrecognised deferred tax assets

THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

17. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves	Share Capital £000	Revaluation Reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2005	-	-	10,272	10,272
Total recognised income and expense	-	-	4,924	4,924
Balance at 31 December 2005	-	-	15,196	15,196
Balance at 1 January 2006	-	-	15,196	15,196
Total recognised income and expense	-	-	1,206	1,206
Balance at 31 December 2006	-	-	16,402	16,402

Share capital

The share capital issued as at 31 December 2005 and 31 December 2006 relates to 1 ordinary share with a par value of £1

At 31 December 2006, the authorised share capital comprised 1,000 ordinary shares (2005 1,000) each with a par value of £1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18. TRADE AND OTHER PAYABLES

	2006 £000	2005 £000
Amounts owed to group undertakings	58,238	51,202
VAT payable	92	172
Accruals and deferred income	500	500
	<u>58,830</u>	<u>51,874</u>

**THE LIGHT LEEDS INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)**

19. LEASING COMMITMENTS

The Light Leeds group of companies and the third party joint venture partner CMIG have entered into a variety of lease agreements (ranging from 999 years to 999 years and 21 days) sub-leasing aspects of the 'The Light Leeds' culminating in The Light Leeds Investments Limited then letting the property to external tenants. At the beginning of the agreement Halifax plc transferred the freehold interest in 'The Light Leeds' to The Light Leeds Limited who then sub-leased the freehold interest to the Light Leeds Hotel Investments Limited (LLHIL) and the Light Leeds Centre Investments Limited (LLCIL) for a nominal rent. A series of head lease agreements then determines rent payable between the parties involved.

CMIG paid a premium to Halifax plc for a 999 year and 14 days interest in 50% of 'The Light Leeds'. This buys them 50% of the risks and rewards in 'The Light Leeds', which is paid to CMIG via LLCIL and LLHIL. Due to the length of the leases and the variable nature of the lease payments the Directors do not feel it is appropriate to estimate the total amounts payable under the lease. Any commitments under the leases however are fully matched by income generated by the 'Light Leeds'.

20. RELATED PARTIES

The interest receivable of £391,000 (2005 £230,000) shown in note 4 is earned on a current account held with Bank of Scotland. The financial expenses of £2,087,00 (2005 £983,000) shown in note 6 are payable to Halifax plc.

Other operating income include £1,194,000 (2005 1,103,000) receivable from Clerical Medical Insurance Group Limited, £218,000 (2005 £310,000) receivable from The Light Leeds Centre Investments Limited and £29,000 (2005 21,000) receivable from The Light Leeds Hotel Investments Limited. Other operating expenses include £1,634,000 (2005 £2,259,000) receivable from Clerical Medical Insurance Group Limited, £2,451,000 (2005 £1,740,000) receivable from The Light Leeds Centre Investments Limited and £665,000 (2005 £541,000) receivable from The Light Leeds Hotel Investments Limited.

Trade and other receivables include £8,008,000 (2005 £4,753,000) payable to Clerical Medical Insurance Group Limited and £473,000 (£2005 £503,000) payable to SJS Investments Limited. Trade and other payables include £47,740,000 (2005 £43,625) due to Halifax plc, £7,828,000 (2005 £5,598,000) due to The Leeds Light Centre Investments Limited and £2,670,000 (2005 £1,979,000) due to The Leeds Light Hotel Investments Limited.

21. ULTIMATE PARENT UNDERTAKING

HBOS plc is the ultimate parent undertaking of The Light Leeds 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.

22. POST BALANCE SHEET EVENTS

After the balance sheet date the company disposed of its holdings in investment properties.