

Registered Number: 3772294

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005



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

CONTENTS

	Page
<i>Directors and Company Information</i>	3
<i>Directors' Report</i>	4-6
<i>Statement of Directors' Responsibilities</i>	7
<i>Independent Auditors' Report</i>	8-9
<i>Income Statement</i>	10
<i>Balance Sheet</i>	11
<i>Cashflow statement</i>	12
<i>Notes to the Financial Statements</i>	13-17

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

DIRECTORS

J S Lloyd
D J Walkden
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 CENTRE INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company is investment in commercial property.

BUSINESS REVIEW

The company has obtained the lease of the The Light Leeds Centre, excluding the hotel, from The Light Leeds Limited and has further sub-leased it to The Light Leeds Investments Limited.

RESULTS AND DIVIDEND

The result for the year is shown in the profit and loss account on page 10. The directors do not recommend the payment of a dividend (2004: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors at the date of this report are as listed on page 3.

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 2004 or date of appointment if later HBOS plc shares	At 31 December 2005 HBOS plc shares
J S Lloyd	6,676	8,057
D J Walkden	90,377	27,633

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 2005
J S Lloyd	March 2003	681
	March 2004	887
D J Walkden	March 2003	4,823
	March 2004	4,265
	April 2005	4,561

**THE LIGHT LEEDS CENTRE 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 2005.

	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
J S Lloyd	January 2005	-	3,968 (G)	-	-	-	3,968
D J Walkden	January 2002	34,520	-	-	-	34,520	-
	January 2003	19,270	-	-	-	-	19,270
	January 2004	20,920	-	-	-	-	20,920
	January 2005	-	18,452 (G)	-	-	-	18,452

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 2002 grant ended on 31 December 2004 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 30% 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 2004 or date of appointment	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2005
J S Lloyd	7,036	2,129 (L)	4,907

Sharesave Plan

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

	At 31 December 2004	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2005
J S Lloyd	1,740	-	1,740
D J Walkden	2,761	-	2,761
S Anderson	3,152	689 (L)	2,463

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

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

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 20/04/2006

THE LIGHT LEEDS CENTRE 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 prevent and detect fraud and other irregularities.

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

We have audited the financial statements of The Leeds Light Centre Investments Limited for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense 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 and Article 4 of the IAS Regulation. 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 CENTRE 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 2005 and of the its result for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS LS1 4DW

Date *8 May 2006*

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
Gross rental income	2	2,050	1,665
Property operating expenses	3	(2,050)	(1,665)
		<hr/>	<hr/>
PROFIT BEFORE TAX	4,5,6	-	-
Income tax expense	7	-	-
		<hr/>	<hr/>
RESULT FOR THE PERIOD	9	-	-
		<hr/>	<hr/>

All of the above loss for the period is attributable to equity holders.

A statement of the movement on reserves is shown in note 9 to the financial statements on page 16.

The company had no income and expenses other than the result for the financial year (2004: £nil) appearing in the income statement above.

The notes on pages 13 to 17 form part of these financial statements.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 £000	2005 £000	2004 £000	2004 £000
CURRENT ASSETS					
Trade and other receivables	8	<u>5,598</u>	<u>5,598</u>	<u>4,184</u>	<u>4,184</u>
TOTAL ASSETS			<u>5,598</u>		<u>4,184</u>
EQUITY					
Issued capital	9	-	-	-	-
Reserves	9	-	-	-	-
TOTAL EQUITY			-		-
LIABILITIES					
Trade and other payables	10	<u>5,598</u>	<u>5,598</u>	<u>4,184</u>	<u>4,184</u>
TOTAL CURRENT LIABILITIES			<u>5,598</u>		<u>4,184</u>
TOTAL EQUITY AND LIABILITIES			<u>5,598</u>		<u>4,184</u>

These financial statements were approved by the Board of Directors on 31/3/06 and were signed on its behalf by:


J S LLOYD
DIRECTOR

The notes on pages 13 to 17 form part of these financial statements.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Year Ended 31 December 2005 £000	Year Ended 31 December 2004 £000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	-	-
Adjustments for:		
Increase in trade receivables	(1,414)	(1,586)
Increase in trade payables	1,414	1,586
Cash generated from operations	-	-
NET CASH FROM OPERATING ACTIVITIES	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at start of year	-	-
Cash and cash equivalents at 31 December	-	-

The notes on pages 13 to 17 form part of these financial statements.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations as endorsed by the EU and effective (or available for early adoption) at 31 December 2005. IFRS 1 "First-time Adoption of IFRss" has been applied to these financial statements. Implementation of these standards has not resulted in a change in accounting policies or disclosure.

1.2 BASIS OF PREPARATION

The financial statements are presented in Sterling, rounded to the nearest thousand. They are prepared on the historical cost.

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont'd)

1.3 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1.4 TRADE AND OTHER RECEIVABLES

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

1.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises 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.

1.6 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

1.7 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

	2005 £000	2004 £000
Gross lease payments	2,050	1,665

Gross rental income represents rentals received from The Leeds Light Investments Limited in respect of the Leeds Light Hotel.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont'd)

3. PROPERTY OPERATING EXPENSES

Property operating expenses represent rentals payable on leases.

4. PERSONNEL EXPENSES

During the year the company employed no staff.

5. AUDITORS REMUNERATION

In 2005 the auditor's remuneration was borne by Halifax plc.

6. DIRECTORS' EMOLUMENTS

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

7. INCOME TAX EXPENSE

Recognised in the income statement

	2005 £	2004 £
<u>Current tax expense</u>		
- Current year	-	-
	<hr/>	<hr/>
Total income tax expense in income statement	-	-

Reconciliation of effective tax rate

	2005 £	2004 £
Profit / (Loss) on ordinary activities before taxation	-	-
	<hr/>	<hr/>
Income tax using the corporation tax rate	-	-
Non-deductible expenses	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

8. TRADE AND OTHER RECEIVABLES

	2005 £000	2004 £000
Amounts owed by group undertakings	5,598	4,184
	<hr/>	<hr/>
	5,598	4,184
	<hr/>	<hr/>

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont'd)

9. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Share Capital £	Retained earnings £	Total equity £
Balance at 1 January 2004	1	-	1
Loss for the period		-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2004	1	-	1
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2005	1	-	1
Result for the year		-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2005	1	-	1
	<hr/>	<hr/>	<hr/>

Share capital

The share capital issued as at 31 December 2004 and 31 December 2005 relates to 1 ordinary share with a par value of £1

At 31 December 2005, the authorised share capital comprised 1,000 ordinary shares (2004: 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.

10. TRADE AND OTHER PAYABLES

	2005 £000	2004 £000
Amounts due to group undertakings	5,598	4,184
	<hr/>	<hr/>
	5,598	4,184
	<hr/>	<hr/>

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont'd)**

11. 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'.

12. RELATED PARTIES

The gross rentals payable are in respect of leases granted to The Leeds Light Investments Limited. The property operating expenses relate to amounts payable in respect of leases granted by Clerical Medical Insurance Group Limited.

The amounts due from Group undertakings as detailed in note 8 are due from The Leeds Light Investments Limited. The balances payable to Group undertakings are amounts due to Clerical Medical Investment Group Limited.

13. ULTIMATE PARENT UNDERTAKING

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