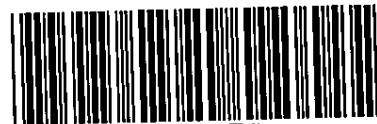


Registered Number: 3772294

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

FRIDAY



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

CONTENTS

	Page
Directors and Company Information	2
Directors' Report	3-4
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6-7
Income Statement	8
Balance Sheet	9
Cashflow statement	10
Notes to the Financial Statements	11-16

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

DIRECTORS

A Allen
D Fisher (resigned 12 December 2007)
S Anderson (resigned 12 December 2007)
J Pike (appointed 12 December 2007)
HBOS Directors Ltd (appointed 12 December 2007)

SECRETARY

L J W Black (resigned 12 December 2007)
HBOS Secretaries Ltd (appointed 12 December 2007)

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 2007

PRINCIPAL ACTIVITY

The principal activity of the Company is investment in commercial property

BUSINESS STRUCTURE

On 17 September 2007 in accordance with the provisions of the HBOS Group Reorganisation Act 2006 ("The Act"), the Governor and Company of the Bank of Scotland registered as a public limited company under the Companies Act and changed its name to Bank of Scotland plc. On the same day, under the Act, the business activities, assets (including investments in subsidiaries) and liabilities of Capital Bank plc, Halifax plc and HBOS Treasury Services plc transferred to Bank of Scotland plc.

Consequently, the parent undertaking of the Company is Bank of Scotland plc and the smallest group into which the Company is consolidated are the consolidated accounts of the Bank of Scotland plc group.

DIRECTORS

The Directors who served during the year were as follows

A Allen
D Fisher (resigned 12 December 2007)
S Anderson (resigned 12 December 2007)
J Pike (appointed 12 December 2007)
HBOS Directors Ltd (appointed 12 December 2007)

RESULTS AND DIVIDEND

The profit for the year is shown in the income statement on page 8. The directors do not recommend the payment of a dividend (2006 £nil).

GOING CONCERN

The Directors are satisfied that The Light Leeds Centre 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.

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

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 he ought to have taken as a director to make himself aware of any relevant audit information and 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

A handwritten signature in black ink, appearing to read 'D. Day', is written over a circular stamp or seal.

HBOS Secretaries Limited
SECRETARY

The Mound
EDINBURGH
EH1 1YZ

Date 30/10/08

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 and applicable laws.

The financial statements are required by law and IFRSs as adopted by the EU 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 Directors' Report.

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 2007 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 5.

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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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)**

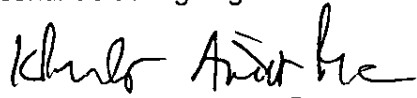
Opinion

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 2007 and of the result 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

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 2 to the financial statements concerning the company's ability to continue as a going concern. The Company is dependent on group funding from HBOS plc in order to support the going concern assumption. The situation explained in note 1 2 to the financial statements indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS
LS1 4DW

Date 30/10/08

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Gross rental income	2	566	2,451
Recharge of property operating expenses	3	2	218
Property operating expenses	3	(2)	(218)
Recharge of gross rental income		(566)	(2,451)
		<hr/>	<hr/>
PROFIT BEFORE TAX		-	-
Income tax expense		-	-
		<hr/>	<hr/>
RESULT FOR THE YEAR		-	-
		<hr/>	<hr/>

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

A statement of the movement on reserves is shown in note 8 to the financial statements on page 14

The Company had no recognised gains or losses in the current or preceding financial year, other than the income and expenses shown above, accordingly no statement of recognised income and expenses is shown

The notes on pages 11 to 16 form part of these financial statements

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £000	£000	2006 £000	£000
CURRENT ASSETS					
Trade and other receivables	7	<u>8,342</u>	<u>8,342</u>	<u>7,828</u>	<u>7,828</u>
TOTAL ASSETS			<u>8,342</u>		<u>7,828</u>
EQUITY					
Issued capital	8	-	-	-	-
Reserves	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY			-		-
LIABILITIES					
Trade and other payables	9	<u>8,342</u>	<u>8,342</u>	<u>7,828</u>	<u>7,828</u>
TOTAL CURRENT LIABILITIES			<u>8,342</u>		<u>7,828</u>
TOTAL EQUITY AND LIABILITIES			<u>8,342</u>		<u>7,828</u>

These financial statements were approved by the Board of Directors on 30/10/08 and were signed on its behalf by



J PIKE
DIRECTOR

The notes on pages 11 to 16 form part of these financial statements

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

		2007 £000	2006 £000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		-	-
Adjustments for			
Increase in trade receivables	7	(514)	(2,230)
Increase in trade payables	9	514	2,230
Cash generated from operations		<u>-</u>	<u>-</u>
NET CASH FROM OPERATING ACTIVITIES		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 January		<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December		<u>-</u>	<u>-</u>

The notes on pages 11 to 16 form part of these financial statements

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. SIGNIFICANT ACCOUNTING POLICIES

The Leeds Light Centre Investments Limited is a Company domiciled in England

1.1 STATEMENT OF COMPLIANCE

The financial statements of The Light Leeds Centre Investments Limited for the year ended 31 December 2007 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as endorsed by the EU and effective at 31 December 2007

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2007 IFRS 7 "Financial Instruments Disclosures" became effective for all accounting periods ending on or after 1 January 2007 The principles in this standard complement the principles for recognising, measuring and presenting financial assets and liabilities in IAS 32 "Financial Instruments Presentation" and IAS 39 "Financial Instruments Recognition and Measurement"

Adoption of the Capital disclosure amendment to IAS 1 "Presentation of financial statements" became mandatory for all accounting periods ending on or after 1 January 2007 The adoption of this amendment has had no quantitative impact on the financial data presented in either the current or the comparative year Additional disclosure is presented in the capital and reserves note (note 8)

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 on the going concern basis which the directors believe to be appropriate for the following reasons The company is dependent for its working capital on funds provided to it by HBOS plc, the company's ultimate parent HBOS plc has indicated that it is its current intention that, for at least 12 months from the date of approval of these financial statements, it will continue to make available sufficient funds as are needed by the company (whilst it remains a subsidiary) to enable it to continue trading and to meet its day to day commitments and in particular will not seek repayment of the amounts currently made available The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so except as described in the next paragraph This uncertainty may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1 2 BASIS OF PREPARATION (cont'd)

HBOS plc, in common with other banks, raises funds on the wholesale funding markets. These are currently dislocated and accordingly this has significantly affected the availability of funding in this market. Following the UK Government's announcement on 8 October 2008 and as part of a co-ordinated package of capital and funding measures for the UK banking sector, HBOS plc plans to place £8.5bn of ordinary shares and £3bn of preference shares with the UK Government, and has secured access to the UK Government guarantee for short and medium term debt issuance. The UK Government's obligations in respect of these arrangements assume, inter alia, completion of the acquisition of HBOS plc by Lloyds TSB Group plc, which is subject to shareholder and regulatory approval.

1 3 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following standards and interpretations have been adopted by the European Union but are not effective for the year ended 31 December 2007 and have not been applied in preparing the financial statements.

IFRS 8 'Operating Segments' which is applicable for periods commencing on or after 1 January 2009. The application of this standard in 2007 would not have had any financial impact as it is only concerned with disclosure.

The following standards and interpretations have not yet been adopted by the European Union, are not effective for the year ended 31 December 2007 and have not been applied in preparing the financial statements.

IAS 1 "Presentation of Financial Statements" which is effective for periods commencing on or after 1 January 2009. The application of this revised standard in 2007 would not have had any material impact on the financial statements.

1.4 IFRS 7 FINANCIAL INSTRUMENTS

The only financial instruments are amounts due to/from group undertakings. On this basis the risk arising on financial instruments is deemed to be low. The book value of these financial instruments equates to their fair value.

1.5 TRADE AND OTHER RECEIVABLES

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

1 6 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 CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)

1.7 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost

1.8 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

	2007 £000	2006 £000
Gross lease payments	566	2,451

Gross rental income represents rentals receivable from The Light Leeds Investments Limited in respect of the Light Leeds centre. This income is recharged to Clerical Medical Investment Group Limited.

Due to the disposal of The Light Leeds investment property during 2007, rental income decreased year on year.

3. PROPERTY OPERATING EXPENSES

Property operating expenses represent costs recharged by The Light Leeds Investments Limited for the operation of the Light Leeds Centre. These costs are recharged to Clerical Medical Investment Group Limited.

4. OTHER OPERATING EXPENSE

The Company employed no permanent staff directly. All staff and audit costs are borne by the parent undertaking.

5. AUDITORS REMUNERATION

Fees payable to the auditor and its associates for services other than the statutory audit are not disclosed since the consolidated accounts of HBOS plc, the ultimate parent undertaking, are required to disclose non-audit fees on a consolidated basis.

6. DIRECTORS' AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

No directors or key management personnel received emoluments in the year, or previous year, for qualifying services to the Company.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)

7. TRADE AND OTHER RECEIVABLES

	2007 £000	2006 £000
Amounts owed by group undertakings	8,342	7,828
	<u>8,342</u>	<u>7,828</u>

The amount owed by group undertakings is neither past due nor impaired and represents the maximum exposure to credit risk

8. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves	Share Capital £	Retained earnings £	Total equity £
Balance at 1 January 2006	1	-	1
Total recognised income and expense	-	-	-
	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2006	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 1 January 2007	1	-	1
Total recognised income and expense	-	-	-
	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2007	1	-	1

Share capital

The share capital issued as at 31 December 2006 and 31 December 2007 relates to 1 ordinary share with a par value of £1

At 31 December 2007, the authorised share capital comprised 1,000 ordinary shares (2006 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.

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)**

8 CAPITAL AND RESERVES (cont'd)

Capital disclosures

The Company was not subject to externally imposed capital requirements in either the current year or the prior year. The Company manages its ordinary share capital in order that there is sufficient capital, in the opinion of the directors, to support the transactions and level of business undertaken by the Company.

9. TRADE AND OTHER PAYABLES

	2007 £000	2006 £000
Amounts due to group undertakings	8,342	7,828
	<hr/>	<hr/>
	8,342	7,828

Amounts due to group undertakings are payable on demand

10 LEASING COMMITMENTS

The Light Leeds group of companies, comprising The Light Leeds Investments Ltd, The Light Leeds Ltd, The Light Leeds Hotel Investments Ltd and The Light Leeds Centre Investments Ltd, and a third party joint venture partner Clerical Medical Investment Group (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' investment property. This culminates in The Light Leeds Investments Limited then letting the property to external tenants.

At the beginning of the agreement Bank of Scotland 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 Bank of Scotland 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'.

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)**

11. RELATED PARTIES

The gross rentals receivable of £566,000 (2006 £2,451,000) are in respect of leases granted to The Leeds Light Investments Limited. The property operating expenses of £1,596 (2006 £218,000) relate to operating costs incurred by The Leeds Light Investments Limited. The gross rentals received and property operating expenses incurred are recharged to Clerical Medical Investment Group as they are in respect of leases granted by Clerical Medical Investment Group Limited.

The amounts due from Group undertakings of £8,342,000 (2006 £7,828,000) as detailed in note 7 are due from The Leeds Light Investments Limited. The balances payable to Group undertakings of £8,342,000 (2006 £7,828,000) as detailed in note 9 are amounts due to Clerical Medical Investment Group Limited.

12. 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. The consolidated accounts of HBOS plc may be obtained from its head office at The Mound, Edinburgh, EH1 1YZ.

Bank of Scotland plc heads the smallest group into which the accounts of the Company are consolidated. The accounts of Bank of Scotland plc may be obtained from its Head Office at The Mound, Edinburgh EH1 1YZ.

13. SUBSEQUENT EVENTS

On 18th September 2008 HBOS plc and Lloyds TSB announced they had reached an agreement on the terms of a recommended acquisition by Lloyds TSB of HBOS plc.