

UBERIOR VENTURES 33 OBS LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD FROM 2 AUGUST 2004 TO 31 DECEMBER 2005



Company Number 05194756

Directors

B S Anderson  
D K Gateley

Secretary

A I Macrae

Registered Office

Bridge House  
Queens Park Road  
Handbridge  
Chester  
Cheshire  
CH88 3AN

Auditors

KPMG Audit Plc  
Saltire Court  
20 Castle Terrace  
EDINBURGH  
EH1 2EG

Bankers

Bank of Scotland  
Head Office  
The Mound  
EDINBURGH  
EH1 1YZ

**REPORT OF THE DIRECTORS**Directors

B S Anderson  
D K Gateley

The Directors submit their report and audited accounts of the Company for the period from 2 August 2004 to 31 December 2005.

Incorporation

The company was incorporated on 2 August 2004.

Activity and review of business

The Company operates as an investment holding company and there has been no change in that activity during the period.

Results and Dividends

The loss after tax for the Company for the period from 2 August 2004 to 31 December 2005 was £1,050. The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors at the date of this report are as stated on page 1.

Dates of appointments and resignations were as follows:

<u>Director</u>	<u>Date of appointment</u>	<u>Date of resignation</u>
B S Anderson	16 September 2004	-
D K Gateley	16 September 2005	-
K M Bothwell	16 September 2004	31 March 2005
P A Bradley	16 September 2004	31 January 2005
MD Directors Limited	02 August 2004	16 September 2004

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 other 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:-

	<u>At 02.08.04</u> <u>or date of appointment if later</u> <u>HBOS plc shares</u>	<u>At 31.12.05</u> <u>HBOS plc shares</u>
B S Anderson	4,313	7,392
D K Gateley	6,899	6,910

## REPORT OF THE DIRECTORS (CONTINUED)

Directors and their interests (continued)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.

	<u>Grant effective from</u>	<u>Shares as at 31.12.05</u>
B S Anderson	March 2003	339
	March 2004	751
	March 2005	427
D K Gateley	March 2003	933
	March 2004	851
	March 2005	885

Long-term Incentive PlanHBOS 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.

	<u>Options outstanding At</u> <u>02.08.04</u>	<u>Granted (G), lapsed (L) or</u> <u>exercised (E) in period</u>	<u>At 31.12.05</u>
B S Anderson	19,399	14,618 (E)	4,781
D K Gateley	5,085	1,545 (E)	3,540

Sharesave Plan

Share options granted under these plans are set out below.

	<u>At 02.08.04</u>	<u>Granted (G) lapsed (L) or</u> <u>exercised (E) in year</u>	<u>At 31.12.05</u>
B S Anderson	1,671	2,435 (G)	
		1,034 (E)	3,072
D K Gateley	4,457	1,047 (G)	5,504

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

REPORT OF THE DIRECTORS (CONTINUED)


Company Secretary

A I Macrae.

Auditors

In accordance with s.386 of the Companies Act 1985 (as amended), the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors.

By Order of the Board,



A I Macrae  
Secretary.

16<sup>th</sup> May 2006

Registered Office  
Bridge House  
Queens Park Road  
Handbridge  
Chester  
Cheshire  
CH88 3AN

**Profit and Loss account****For the period from 2 August 2004 to 31 December 2005**

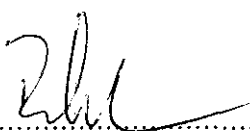
	Notes	2 August 2004 to 31 December 2005 £
Other expenses	2	(1,500)
<b>Operating loss</b>		<u>(1,500)</u>
<b>Loss on ordinary activities before taxation</b>		<u>(1,500)</u>
Taxation	3	450
<b>Loss on ordinary activities after taxation</b>		<u>(1,050)</u>

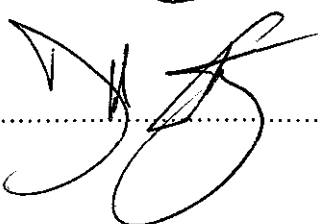
All gains and losses arising during the period have been recognised in the profit and loss account and derive from continuing operations of the Company.

**Balance Sheet****As at 31 December 2005**

	<i>Notes</i>	<b>As at 31 December 2005 £</b>
<b>Fixed Assets</b>		
Investment in jointly controlled entities	4	<u>1,333,333</u>
<b>Current Assets</b>		
Corporation tax		<u>450</u>
<b>Creditors : Amounts falling due within one year</b>		
Amounts due to parent undertaking		(1,182,333)
Accruals and deferred income	5	<u>(1,500)</u>
		<u>(1,183,833)</u>
<b>Net Current Liabilities</b>		(1,183,383)
<b>Net Assets</b>		<u>149,950</u>
<b>Share Capital and Reserves</b>		
Called up Share Capital	6	151,000
Profit and Loss account	7	<u>(1,050)</u>
<b>Equity Shareholder's Funds</b>		<u>149,950</u>

Approved by the board at a meeting on 16<sup>th</sup> May 2006 and signed on its behalf by:

  
..... Director

  
..... Director

**Notes to the accounts****1. Significant accounting policies****1.1 Accounting Convention**

The accounts have been prepared under the historical cost convention. The accounts have been prepared in accordance with applicable accounting standards and pronouncements of the Urgent Issues Task Force ("UITF"). Accounting policies are reviewed regularly to ensure they are the most appropriate to the circumstances of the company for the purposes of giving a true and fair view.

**1.2 Investments in Jointly Controlled Entities**

Jointly controlled entities are those which the Company has joint control under a contractual arrangement with other parties.

The attributable share of results of jointly controlled entities, generally based on audited accounts, are included in the consolidated financial statements of the Company's ultimate parent undertaking, HBOS plc, using the equity method of accounting. Accordingly, the Company records such investments at historic cost.

**2. Loss on ordinary activities before taxation**

The loss on ordinary activities before taxation is stated after charging:

	<b>For period from 2 August 2004 to 31 December 2005</b>
	£
Auditors remuneration	1,500

**3. Taxation**

	<b>For period from 2 August 2004 to 31 December 2005</b>
	£
<u>Current tax:</u>	
Corporation tax credit for the period at a rate of 30%	450
	£
<b>Factors affecting current tax charge for the period:</b>	
Loss on ordinary activities before taxation	1,500
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	450
Current corporation tax credit for the period	450



**Notes to the accounts (continued)****4. Investment in jointly controlled entities**

	£
At 2 August 2004	-
Additions	1,333,333
At 31 December 2005	<u>1,333,333</u>

The Company's investment in jointly controlled entities relates to the following:

Name of entity	Nature of business	Issued share and loan capital	Proportion of ownership	Reporting date of financial statements	Principal area of operation
33 Old Broad Street (Jersey) Limited Partnership	Property Investment and ancillary activities	Capital account of £4,000,000	33.33%	31 December	Jersey

**5. Accruals and deferred income**

	2005 £
Audit fee	<u>1,500</u>

**6. Share Capital**

	2005 £
<b>Authorised</b>	
151,000 ordinary shares of £1 each	<u>151,000</u>
<b>Authorised and issued</b>	
151,000 ordinary shares of £1 each	<u>151,000</u>

**7. Reconciliation of Equity Shareholder's Funds**

	2005 £
Share capital issued	151,000
Loss attributable to Equity Shareholders	(1,050)
Equity Shareholder's Funds at 31 December	<u>149,950</u>

**8. Cash Flow Statement**

The company has taken advantage of the exemption available under Financial Reporting Standard 1 not to prepare a cash flow statement as it is over 90% owned by HBOS plc group.

**9. Parent Undertaking**

The Company's parent undertaking is Uberior Ventures Limited. Its intermediate parent undertaking is The Governor and Company of the Bank of Scotland, incorporated by Act of the Scottish Parliament in 1695. The Company's ultimate parent undertaking is HBOS plc. Copies of HBOS plc Annual Report and Accounts may be obtained from its Head Office at The Mound, Edinburgh EH1 1YZ.

**10. Related Parties**

The Company's ultimate parent undertaking is HBOS plc. The consolidated financial statements of the company are publicly available and include all transactions with group members who are related parties of the group. Under the provision of Financial Reporting Standard No.8 transactions with related parties of this company have not been disclosed other than as required under the Companies Act 1985.

**Statement of directors' responsibilities in respect of the Uberior Ventures 33 OBS Limited 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBERIOR VENTURES 33 OBS LIMITED**

We have audited the financial statements of Uberior Ventures 33 OBS Limited for the period from 2 August 2004 to 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, 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**

As described in the Statement of Directors' Responsibilities on page 9, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its loss for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG  
23 May 2006