

Registered Number: 216154

ST VINCENT STREET DEVELOPMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003



**ST VINCENT STREET DEVELOPMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**ST VINCENT STREET DEVELOPMENTS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

J L Burnley
K C McCabe
I D Kerr
R Fleming

SECRETARY

L J W Black

REGISTERED OFFICE

The Mound
EDINBURGH
EH1 1YZ

AUDITORS

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

ST VINCENT STREET DEVELOPMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company is property development.

BUSINESS REVIEW

No new property developments were carried out during the year.

RESULTS AND DIVIDEND

The result for the year is shown in the profit and loss account on page 9. The directors do not recommend the payment of a dividend (2002 : nil).

SUPPLIER PAYMENT POLICY

The company's suppliers are paid through HBOS plc's centralised Accounts Payable department.

For the forthcoming period HBOS plc's policy for the payment of suppliers will be as follows:-

- Payment terms will be agreed at the start of the relationship with the supplier and will only be changed by agreement;
- Standard payment terms to suppliers of goods and services will be 30 days from receipt of a correct invoice for satisfactory goods or services which have been ordered and received unless other terms are agreed in a contract;
- Payment will be made in accordance with the agreed terms or in accordance with the law if no agreement has been made; and
- Suppliers will be advised without delay when an invoice is contested and disputes will be settled as quickly as possible.

HBOS plc complies with the Better Payment Practice Code. Information regarding this Code and its purpose can be obtained from the Better Payment Practice Group's website at www.payontime.co.uk.

The company owed no amounts to trade creditors at 31 December 2003.

ST VINCENT STREET DEVELOPMENTS LIMITED
DIRECTORS' REPORT (Cont'd)

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 2002 or date of appointment if later HBOS plc shares	At 31 December 2003 HBOS plc shares
I D Kerr	14,864	49,587
R Fleming	7,346	13,876

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 2003
I D Kerr	March 2001	1,944
	March 2002	4,449
	March 2003	4,924
R Fleming	March 2001	1,191
	March 2002	2,030
	March 2003	1,890

ST VINCENT STREET DEVELOPMENTS 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 2003.

	Grant effective from	At 31 December 2002 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 2003
I D Kerr	January 2000	18,319	-	18,319	4,818	41,456	-
	January 2001	19,695	-	-	-	-	19,695
	January 2002	18,750	-	-	-	-	18,750
	January 2003	-	31,250	-	-	-	31,250
R Fleming	January 2000	6,914	-	6,914	1,818	15,646	-
	January 2001	7,366	-	-	-	-	7,366
	January 2002	4,125	-	-	-	-	4,125
	January 2003	-	5,364	-	-	-	5,364

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 2000 grant ended on 31 December 2002 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 26% 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 2002 or date of appointment	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2003
R Fleming	2,635	3,149(G)	5,784

ST VINCENT STREET DEVELOPMENTS LIMITED
DIRECTORS' REPORT (Cont'd)

DIRECTORS AND DIRECTORS' INTERESTS (Cont'd)

Sharesave Plan

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

	At 31 December 2002	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2003
I D Kerr	4,115	-	4,115
R Fleming	2,362	2,362(E) 1,607(G)	1,607

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

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 4/2/04

ST VINCENT STREET DEVELOPMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those accounts, the directors are required to: -

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 ST VINCENT STREET DEVELOPMENTS LIMITED

We have audited the accounts on pages 9 to 17.

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 are responsible for preparing the directors' report and, as described on page 7, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts 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 accounts, 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS LS1 4DW

Date *4 Feb 2004*

ST VINCENT STREET DEVELOPMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

		Continuing Operations	
	Note	2003 £000	2002 £000
TURNOVER	2	-	-
Operating expenses		(241)	(274)
		<hr/>	<hr/>
OPERATING LOSS		(241)	(274)
Interest receivable and similar income	3	1	-
Interest payable and similar charges	4	(265)	(301)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5,6,7	(505)	(575)
Tax on loss on ordinary activities	8	80	91
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	9,14	(425)	(484)
		<hr/>	<hr/>

All of the above amounts are in respect of continuing operations.

A statement of the movement on reserves is shown in note 9 to the financial statements on page 14.

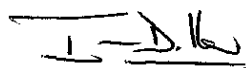
The company has no recognised gains or losses in either year other than the result for the financial years shown above.

The notes on pages 12 to 17 form part of these financial statements.

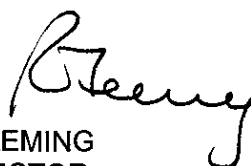
ST VINCENT STREET DEVELOPMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	2003 £000	2002 £000
FIXED ASSETS			
Tangible fixed assets	10	6,135	6,222
CURRENT ASSETS			
Debtors	11	92	254
CREDITORS			
Amounts falling due within one year	12	(7,500)	(7,324)
NET CURRENT LIABILITIES		(7,408)	(7,070)
NET LIABILITIES		(1,273)	(848)
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	9	(1,273)	(848)
EQUITY SHAREHOLDERS' DEFICIT	14	(1,273)	(848)

These financial statements were approved by the Board of Directors on 4/2/04 and were signed on its behalf by:



I D KERR
DIRECTOR



R FLEMING
DIRECTOR

The notes on pages 12 to 17 form part of these financial statements.

ST VINCENT STREET DEVELOPMENTS LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 £000	2002 £000
Net cash (outflow)/ inflow from operating activities	15	(96)	51
Returns on investments and servicing of finance	3,4	(265)	(301)
Taxation	8	91	70
Purchase of fixed assets	10	(149)	(8)
		<hr/>	<hr/>
Decrease in cash	16,17	(419)	(188)
		<hr/>	<hr/>

The notes on pages 12 to 17 form part of these financial statements.

ST VINCENT STREET DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and have been drawn up under the historical cost convention.

The financial statements have been prepared according to the going concern basis, as facilities are currently made available by the parent company which are sufficient to meet the company's obligations as they fall due.

1.2 TANGIBLE FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at cost less depreciation. Depreciation is charged on a straight line basis over the expected useful life of the asset:

Properties	50 years
Equipment	10 years

1.3 DEFERRED TAXATION

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date, except as otherwise required by FRS19.

2. TURNOVER

The company had no turnover in the current year (2002 : £Nil).

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £000	2002 £000
Interest receivable from group undertakings	1	-

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £000	2002 £000
Interest payable to group undertakings	265	301

ST VINCENT STREET DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £000	2002 £000
Loss on ordinary activities before taxation is stated after charging:		
Remuneration of auditors for audit services	-	2
Depreciation - owned assets	236	235

In 2003, Auditors remuneration was borne by Bank of Scotland.

6. STAFF NUMBERS AND COSTS

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

7. DIRECTORS' EMOLUMENTS

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

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2003 £000	2002 £000
<u>Current tax:</u>		
The corporation tax credit for the year based on a tax rate of 30% (2002 : 30%)		
- UK corporation tax	(80)	(91)

Factors Affecting the Current Tax Credit for the Year

The tax assessed for the year is lower than the standard rate of corporate tax in the UK of 30%. The differences are explained below:

	2003 £000	2002 £000
Loss on ordinary activities before taxation	(505)	(575)
Loss on ordinary activities multiplied by the standard rate of corporate tax in the UK	(152)	(172)

Effects of:

Depreciation	72	70
Expenses not deductible for corporation tax purposes	-	11
Current corporation tax credit for the year	(80)	(91)

ST VINCENT STREET DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

9. PROFIT AND LOSS ACCOUNT

	2003 £000	2002 £000
Opening balance	(848)	(364)
Loss for the financial year	(425)	(484)
Closing balance	<u>(1,273)</u>	<u>(848)</u>

10. TANGIBLE FIXED ASSETS

	Properties £000	Equipment £000	Assets in Construction £000	Total £000
COST				
At 1 January 2003	5,376	1,275	-	6,651
Additions	-	-	149	149
At 31 December 2003	<u>5,376</u>	<u>1,275</u>	<u>149</u>	<u>6,800</u>
DEPRECIATION				
At 1 January 2003	197	232	-	429
Charge for the year	108	128	-	236
At 31 December 2003	<u>305</u>	<u>360</u>	<u>-</u>	<u>665</u>
NET BOOK VALUE				
At 31 December 2003	<u>5,071</u>	<u>915</u>	<u>149</u>	<u>6,135</u>
At 31 December 2002	<u>5,179</u>	<u>1,043</u>	<u>-</u>	<u>6,222</u>

ST VINCENT STREET DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

11. DEBTORS

	2003 £000	2002 £000
Amounts due from intermediate parent undertaking	11	163
- Current account balance with Bank of Scotland £11,000 (2002 : £163,000)		
Group relief recoverable	81	91
	<hr/> 92	<hr/> 254

All amounts fall due within one year.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £000	2002 £000
Amounts due to immediate parent undertaking	7,500	7,233
Other creditors	-	91
	<hr/> 7,500	<hr/> 7,324

13. CALLED UP SHARE CAPITAL

<u>Equity Share Capital</u>	2003 £	2002 £
Authorised		
1,000 ordinary 'A' shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
1 ordinary 'A' share of £1	1	1
	<hr/>	<hr/>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2003 £000	2002 £000
Opening shareholders' deficit	(848)	(364)
Loss for the financial year	(425)	(484)
	<hr/>	<hr/>
Closing shareholders' deficit	(1,273)	(848)

ST VINCENT STREET DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

15. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £000	2002 £000
Operating loss	(241)	(274)
Depreciation	236	235
Decrease in debtors	(2)	-
(Decrease) / increase in creditors	(89)	90
	<hr/>	<hr/>
Net cash (outflow) / inflow from operating activities	(96)	51

16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £000	2002 £000
Decrease in cash in the period	(419)	(188)
Opening balance net debt	(7,070)	(6,882)
	<hr/>	<hr/>
Closing balance net debt	(7,489)	(7,070)

17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2003 £000	Cashflows £000	Other Changes £000	At 31 December 2003 £000
Cash in hand, at bank	163	(152)	-	11
Loan from immediate parent due within one year	(7,233)	-	(267)	(7,500)
	<hr/>	<hr/>	<hr/>	<hr/>
	(7,070)	(152)	(267)	(7,489)

**ST VINCENT STREET DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

18. TRANSACTIONS WITH RELATED PARTIES

St Vincent Street Developments Limited, as a wholly owned subsidiary of Horizon Property Company (Scarborough) Limited. During the year, no additional transactions were undertaken which have not been disclosed separately in the relevant notes to the accounts.

19. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Horizon Property Company (Scarborough) Limited, with its intermediate parent undertaking being The Governor and Company of the Bank of Scotland incorporated by the Act of 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.