

Registered Number: SC242326

AIRBLES CONSTRUCTION (No 2) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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**AIRBLES CONSTRUCTION (No 2) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**AIRBLES CONSTRUCTION (No 2) LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

A Allen
D Fisher (resigned 12 December 2007)
J Pike (appointed 12 December 2007)
Halifax Directors Ltd (appointed 12 December 2007)

SECRETARY

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

REGISTERED OFFICE

The Mound
EDINBURGH
EH1 1YZ

AUDITORS

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

AIRBLES CONSTRUCTION (No 2) LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITY AND RESULTS

The Company intends to enter into a contract for a future build with Bank of Scotland plc

During the current and preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor a loss.

The Company meets the requirements of a small company and, accordingly, is exempt from the requirements to provide an enhanced business review.

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)
Halifax Directors Limited (appointed 12 December 2007)
J Pike (appointed 12 December 2007)

DIVIDEND

The directors do not recommend the payment of a dividend (2006: £Nil).

GOING CONCERN

The Directors are satisfied that Airbles Construction (No 2) 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.

**AIRBLES CONSTRUCTION (No 2) LIMITED
DIRECTORS' REPORT**

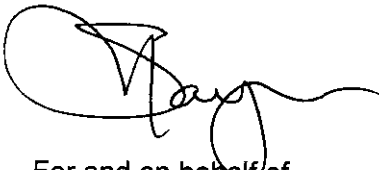
AUDIT INFORMATION

The Directors who held office at the date of approval of this Directors' 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



For and on behalf of
Halifax Secretaries Ltd
SECRETARY

The Mound
EDINBURGH
EH1 1YZ

Date 12/5/08

AIRBLES CONSTRUCTION (No 2) 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 for that period. 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 AIRBLES CONSTRUCTION (No 2) LIMITED

We have audited the financial statements of Airbles Construction (No 2) 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.

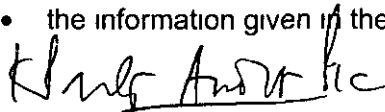
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 AIRBLES CONSTRUCTION (No 2) 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 its 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



KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
Leeds
LS1 4DW

Date

12/5/08

AIRBLES CONSTRUCTION (No 2) LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £	£	2006 £	£
CURRENT ASSETS					
Trade and other receivables		<u>1</u>		<u>1</u>	
TOTAL ASSETS			<u>1</u>		<u>1</u>
EQUITY					
Issued capital	2	<u>1</u>		<u>1</u>	
TOTAL EQUITY AND LIABILITIES			<u>1</u>		<u>1</u>

INCOME STATEMENT

During the current and preceding financial year, the Company did not trade, receive any income, incur any expenditure, or recognise any other income or expenditure. Consequently, during those years the Company made neither a profit nor a loss, accordingly no income statement or statement of recognised income and expenses has been prepared.

CASH FLOW STATEMENT

The Company had no cash flows in the current or preceding financial year and accordingly no Cash Flow Statement is presented.

These financial statements were approved by the Board of Directors on 12/5/08 and were signed on its behalf by:



A ALLEN
DIRECTOR

The notes on pages 9 to 12 form part of these financial statements

**AIRBLES CONSTRUCTION (No 2) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. SIGNIFICANT ACCOUNTING POLICIES

Airbles Construction (No 2) Limited is a Company domiciled in England

1.1 STATEMENT OF COMPLIANCE

The financial statements 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 2)

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 historical cost basis and on a going concern basis Pounds sterling is the Company's functional currency and the currency in which these financial statements are presented.

AIRBLES CONSTRUCTION (No 2) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)

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 instrument is cash and cash equivalents on which no interest accrues or is earned. The Company has not traded during the current or previous financial year. On this basis the risk arising on financial instruments is deemed to be low.

AIRBLES CONSTRUCTION (No 2) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)

2 CAPITAL AND RESERVES

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

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 100,000 ordinary shares (2006 100,000) 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.

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.

3. DIRECTORS' AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

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

4 AUDIT FEE DISCLOSURE

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.

**AIRBLES CONSTRUCTION (No 2) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)**

5. OPERATING EXPENSES

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

6. TRANSACTIONS WITH RELATED PARTIES

The Company had no transactions with related parties, including key management personnel, during the current or preceding year.

7. ULTIMATE PARENT UNDERTAKING

HBOS plc is the ultimate parent undertaking of Airbles Construction (No 2) 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.