

UBERIOR (RODINHEIGHTS) LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009



Company Number SC275570

Directors

B S Anderson
A J N Hewitt

Company Secretary

Laurence J Edwards

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

DIRECTORS' REPORT**For the year ended 31 December 2009**Directors

B S Anderson
A J N Hewitt

The Directors submit their report and audited accounts of the Company for the year ended 31 December 2009.

Principal Activity

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

Results and Dividends

The profit after tax for the Company for the year to 31 December 2009 was £36,732,821 (2008: loss £16,845,001). The Directors do not recommend payment of a final dividend.

Directors and their interests

The Directors at the date of this report are as stated above.

The Directors served throughout the year.

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year.

Going Concern

As set out in Note 2- 'Going Concern - Principles underlying going concern assumption' of the Notes to the financial statements, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the financial statements.

Policy and Practice on Payment of Suppliers

The Company follows "The Better Payment Practice Code" published by the Department for Business Innovation and Skills (BIS) regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the BIS Publications Order Line 0845-0150-010 quoting ref. URN 04/606.

The Company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the policy of the Company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the Company owed no amounts to trade creditors as at 31 December 2009, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 2006, is nil (2008: nil).

DIRECTORS' REPORT (continued)
For the year ended 31 December 2009

Auditors and Disclosure of Information to Auditors

Each Director in office at the date of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

Following the resignation of KPMG on 13 May 2009, PricewaterhouseCoopers LLP were appointed as auditors of the Company with effect from the same date by the directors of the Company on 3 June 2009. Accordingly, a resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors will be put to the members of the Company before the end of the next period for appointing auditors (as defined by the Companies Act 2006).

This report has been prepared in accordance with the provisions applicable to Companies entitled to the small Company's exemption.

By Order of the Board,



A J N Hewitt
Director
29th September 2010

Company Number SC275570

Registered Office
Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

INCOME STATEMENT**For the year ended 31 December 2009**

	Note	2009	2008
		£	£
Income	3	1,746,191	-
Other expenses	4	<u>(1,153)</u>	<u>(1,175)</u>
Operating profit/ (loss) before financing costs		1,745,038	(1,175)
Financial income	5	1,904	73
Financial expense	5	(1,366,660)	-
Foreign exchange gain/ (loss)	5	<u>9,629,409</u>	<u>(8,710,444)</u>
Net financing income/ (costs)		8,264,653	(8,710,371)
Profit/(Loss) before tax		10,009,691	(8,711,546)
Income tax credit/ (expense)	6	<u>26,723,130</u>	<u>(8,133,455)</u>
Profit/(Loss) after tax for the year		36,732,821	(16,845,001)
Attributable to:			
Equity holders		<u>36,732,821</u>	<u>(16,845,001)</u>
Profit/ (Loss) for the year		36,732,821	(16,845,001)

The notes on pages 10 to 22 are an integral part of these financial statements.

The operating profit for the year arises from the Company's continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	2009	2008
	£	£
Profit/(Loss) for the year	36,732,821	(16,845,001)
Total comprehensive income for the year	36,732,821	(16,845,001)
Total comprehensive income attributable to equity shareholders	36,732,821	(16,845,001)
Total comprehensive income for the year	36,732,821	(16,845,001)

Items in the statement above are disclosed net of tax.


The notes on pages 10 to 22 are an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2009

	Note	2009 £	2008 £
Assets			
Investment in subsidiary undertaking	9	24,106,487	24,106,487
Total non-current assets		<u>24,106,487</u>	<u>24,106,487</u>
Cash and cash equivalents	10	1,834,480	10,882
Total current assets		<u>1,834,480</u>	<u>10,882</u>
Total assets		<u>25,940,967</u>	<u>24,117,369</u>
Equity			
Issued capital	11	1	1
Retained earnings		(297,245)	(37,030,066)
Total equity		<u>(297,244)</u>	<u>(37,030,065)</u>
Liabilities			
Deferred tax liabilities	8	-	26,828,893
Total non-current liabilities		<u>-</u>	<u>26,828,893</u>
Amounts due to parent undertaking		26,130,871	34,316,964
Trade and other payables	12	1,175	1,175
Income tax payable	7	106,165	402
Total current liabilities		<u>26,238,211</u>	<u>34,318,541</u>
Total liabilities		<u>26,238,211</u>	<u>61,147,434</u>
Total equity and liabilities		<u>25,940,967</u>	<u>24,117,369</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

The financial statements on pages 5 to 22 were approved by the Board of Directors on 29th September 2010 and were signed on its behalf by:

.....  Director
A J N HEWITT

STATEMENT OF CHANGES IN EQUITY
As at 31 December 2009

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 January 2008	1	(20,185,065)	(20,185,064)
Comprehensive income			
Loss after taxation	-	(16,845,001)	(16,845,001)
Total comprehensive income for the year	-	(16,845,001)	(16,845,001)
Balance at 1 January 2009	1	(37,030,066)	(37,030,065)
Comprehensive income			
Profit after taxation	-	36,732,821	36,732,821
Total comprehensive income for the year	-	36,732,821	36,732,821
Balance at 31 December 2009	1	(297,245)	(297,244)

The notes on pages 10 to 22 are an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 £	2008 £
Cash flows from operating activities			
Operating profit/(loss) before financing costs		1,745,038	(1,175)
Cash generated from operations		<u>1,745,038</u>	<u>(1,175)</u>
Income taxes paid		-	(1,097)
Net cash from operating activities		<u>1,745,038</u>	<u>(2,272)</u>
Cash flows from investing activities			
Increase in amounts due to parent undertaking		1,150	2,272
Net cash from investing activities		<u>1,150</u>	<u>2,272</u>
Cash flows from financing activities			
Interest received		1,904	73
Net cash from financing activities		<u>1,904</u>	<u>73</u>
Net increase in cash and cash equivalents		<u>1,748,092</u>	<u>73</u>
Cash and cash equivalents at 1 January		10,882	8,298
Effect of exchange rate fluctuations on cash held		75,506	2,511
Cash and cash equivalents at 31 December	10	<u>1,834,480</u>	<u>10,882</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. Significant accounting policies

Uberior (Rodinheights) Limited (the "Company") is a company domiciled in Scotland.

The financial statements were authorised for issue by the Directors on 29th September 2010.

(a) Financial statements

The financial statements of Uberior (Rodinheights) Limited comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement together with the related notes to the financial statements.

The financial statements are presented in Sterling which is the Company's functional and presentational currency.

(b) Statement of compliance

The 2009 statutory financial statements set out on pages 5 to 22 have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the European Union. The standards applied by the Company are those endorsed by the European Union and effective at the date the financial statements are approved by the Board. Consequently, the financial statements comply with International Financial Reporting Standards.

The Company is exempt by virtue of s.400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

(c) Basis of preparation

The financial statements have been prepared under the historical cost basis.

The following new IFRS pronouncements relevant to the company have been adopted in these financial statements:

- (i) IAS 1 (revised), *Presentation of financial statements*. The revised standard prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has elected to present two statements: an income statement and a statement of comprehensive income. The financial statements have been prepared under the revised disclosure requirements; the application of this revised standard, which affects presentation only, has not had any impact for amounts recognised in these financial statements.
- (ii) Amendments to IFRS 7 Financial Instruments: *Disclosures – Improving Disclosures about Financial Instruments*. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of a three level fair value measurement hierarchy for financial instruments carried on the Company's balance sheet at fair value. As the amendments only result in additional disclosures, the amendments have not had any impact for amounts recognised in these financial statements.

The application of the following IFRS pronouncements which all became effective in 2009 has had no material impact on these financial statements:

- Amendment to IFRS 2 '*Share-based Payments – Vesting Conditions and Cancellations*'. This amendment to IFRS 2 '*Share-based Payments*' restricts the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****1. Significant accounting policies (continued)****(c) Basis of Preparation (continued)**

- IFRS 8 *Operating Segments*. This new standard replaces IAS 14 'Segment Reporting' and requires reporting of financial and descriptive information about operating segments which are based on how financial information is reported and evaluated internally. There is no segment information for the year ended 31 December 2009 and for the corresponding comparative period presented in these financial statements.
- Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement*. This amendment clarifies that a reassessment of embedded derivatives is required whenever a financial asset has been reclassified out of the fair value through profit or loss category.
- IFRIC 13 *Customer Loyalty Programmes*. This interpretation addresses accounting by entities who grant customer loyalty award credits to customers as part of sales transactions and which can be redeemed in the future for free or discounted goods or services.
- IAS 23 *Borrowing Costs*. This revised standard requires interest and other costs incurred in connection with the borrowing of funds to be recognised as an expense excepting that those which are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for their intended use or sale which must be capitalised as part of the cost of those assets.
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*. The amendments require some puttable financial instruments (being those which give the holder the right to put the instrument back to the issuer for cash or another financial asset) and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity.
- *Improvements to IFRSs* (issued May 2008). Sets out minor amendments to IFRS standards as part of annual improvements process. Most amendments clarified existing practice.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*. This interpretation provides guidance on accounting for hedges of net investments in foreign operations in an entity's consolidated financial statements.

(d) IFRS and IFRIC not yet applied

The following pronouncements will be relevant to the Company but were not effective at 31 December 2009 and have not been applied in preparing these financial statements. The full impact of these accounting changes is being assessed by the Company. With the exception of IFRS 9 *Financial Instruments: Classification and Measurement*, the initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the financial statements.

Pronouncement	Nature of change	IASB effective date
IFRS 3 <i>Business Combinations</i>	The revised standard continues to apply the acquisition method to business combinations, however, all payments to purchase a business are to be recorded at fair value at the acquisition date, some contingent payments are subsequently remeasured at fair value through income, goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest, and all transaction costs are expensed.	Annual periods beginning on or after 1 July 2009.
IAS 27 <i>Consolidated and Separate Financial Statements</i>	Requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control; any remaining interest in an investee is re-measured to fair value in determining the gain or loss recognised in profit or loss where control over the investee is lost.	Annual periods beginning on or after 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****1. Significant accounting policies (continued)****(d) IFRS and IFRIC not yet applied (continued)**

Pronouncement	Nature of change	IASB effective date
IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>	Provides accounting guidance for non-reciprocal distributions of non-cash assets to owners (and those in which owners may elect to receive a cash alternative).	Annual periods beginning on or after 1 July 2009.
Amendment to IAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>	Clarifies how the principles underlying hedge accounting should be applied in particular situations.	Annual periods beginning on or after 1 July 2009.
Improvements to IFRSs (issued April 2009)	Sets out minor amendments to IFRS standards as part of annual improvements process.	Dealt with on a standard by standard basis but not earlier than annual periods beginning on or after 1 January 2010.
Amendments to IFRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	Clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, whether or not settled in shares or cash.	Annual periods beginning on or after 1 January 2010.
Amendment to IAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>	Requires rights issues denominated in a currency other than the functional currency of the issuer to be classified as equity regardless of the currency in which the exercise price is denominated.	Annual periods beginning on or after 1 February 2010.
IFRS 9 <i>Financial Instruments: Classification and Measurement</i> ¹	Simplifies the way entities will classify financial assets and reduces the number of classification categories to two; fair value and amortised cost. The existing available-for-sale and held-to-maturity categories have been eliminated. Classification will be made on the basis of the objectives of entity's business model for managing the assets and the characteristics of the contractual cash flows.	Annual periods beginning on or after 1 January 2013.
IAS 24 <i>Related Party Disclosures</i>	Simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities.	Annual periods beginning on or after 1 January 2011.
Amendment to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i>	Applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements and permits such an entity to treat the benefit of such an early payment as an asset.	Annual periods beginning on or after 1 January 2011.
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	Clarifies that when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor, a gain or loss is recognised in profit or loss representing the difference between the carrying value of the financial liability and the fair value of the equity instruments issued; the fair value of the financial liability is used to measure the gain or loss where the fair value of the equity instruments cannot be reliably measured.	Annual periods beginning on or after 1 July 2010.

¹. At the date of this report, these pronouncements are awaiting EU endorsement.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****1. Significant accounting policies (continued)****(e) Foreign currencies**

The financial statements are presented in Sterling which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(f) Investments in subsidiaries

Subsidiaries include entities over which the Company has the power to govern the financial and operating policies which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Details of the principal subsidiary are given in Note 9.

Investments in subsidiaries comprise equity investments in, and capital contributions to subsidiary entities. These are carried at cost less impairment provisions. At each reporting date an assessment is undertaken to determine if there is any indication of impairment. This assessment can include reviewing factors such as the solvency, profitability and cash flows generated by the subsidiary. If there is an indication of impairment, an estimate of the recoverable amount is made. If the carrying value exceeds the recoverable amount then a provision for impairment is made to reduce the carrying value to the recoverable amount.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and overdrafts held within Lloyds Banking Group that are freely available and deposits held with Lloyds Banking Group with an original maturity of three months or less.

(h) Trade and other payables

Trade and other payables are stated at cost.

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(j) Amounts due to parent undertakings

Amounts due to parent undertaking are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. They are derecognised from the balance sheet upon settlement of all monies due in connection with borrowings for forgiveness by the parent undertaking of all indebtedness.

(k) Net financing costs

Net financing costs comprise interest payable on borrowings, interest received on funds invested and foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues.

(l) Revenue recognition

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

1. Significant accounting policies (continued)

(m) Taxation

Current income tax which is payable / receivable on taxable profits / losses is recognised as an expense / income in the period in which the profits / losses arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the difference will not reverse in the foreseeable future. Income tax payable on profits is recognised as an expense in the period in which those profits arise. The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(n) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing, nature and level of future taxable income. The recognition of deferred tax assets relating to tax losses carried forward relies on profit projections and taxable profit forecasts prepared by management, where a number of assumptions are required based on the levels of growth in profits and the reversal of deferred tax balances.

2. Going concern – Principles underlying going concern assumption

The Company is reliant on funding provided by Bank of Scotland plc. Notwithstanding the improvement in market liquidity during 2009, the Company's ultimate parent company, Lloyds Banking Group plc, continues to be reliant on UK Government sponsored measures to maintain its wholesale funding position. The Directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries including the Company will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

3. Income

	2009 £	2008 £
Dividend income from subsidiary	<u>1,746,191</u>	<u>-</u>

4. Other expenses

	2009 £	2008 £
Audit fees	<u>1,153</u>	<u>1,175</u>

The company has no employees and the Directors received no remuneration in respect of their services to the Company.

5. Net financing income/(costs)

	2009 £	2008 £
Interest income	<u>1,904</u>	<u>73</u>
Financial income	<u>1,904</u>	<u>73</u>
Interest expense	<u>(1,366,660)</u>	<u>-</u>
Net foreign exchange gain/(loss)	<u>9,629,409</u>	<u>(8,710,444)</u>
Financial expense	<u>8,262,749</u>	<u>(8,710,444)</u>
Net financing income/ (costs)	<u>8,264,653</u>	<u>(8,710,371)</u>

6. Income tax (credit)/expense

Recognised in the income statement

	2009 £	2008 £
Current tax expense/(credit)		
Current tax on profit/(loss) for the year	106,479	402
Adjustments in respect of prior years	<u>(716)</u>	<u>(28,575)</u>
	<u>105,763</u>	<u>(28,173)</u>
Deferred tax (credit)/ expense		
Current year	<u>(26,828,893)</u>	<u>8,161,628</u>
	<u>(26,828,893)</u>	<u>8,161,628</u>
Income tax (credit)/ expense	<u>(26,723,130)</u>	<u>8,133,455</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****6. Income tax (credit)/expense (continued)**

The current tax credit is higher (2008: expense higher) than the standard value of corporation tax in the UK applied to the profit / (loss) for the year due to the following factors:

	2009 £	2008 £
Profit/ (Loss) before tax	10,009,691	(8,711,546)
Profit / (Loss) multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	2,802,714	(2,482,791)
Overseas income not taxed	(26,828,893)	8,161,628
Adjustments to tax in respect of previous periods	(716)	(28,575)
Foreign exchange	(2,696,235)	2,483,193
Total income tax (credit)/ expense	<u>(26,723,130)</u>	<u>8,133,455</u>

7. Income tax payable

The current tax liability of £106,165 (2008: £402) represents the amount of income taxes payable in respect of the current and prior periods that exceed receipts.

8. Deferred tax liabilities**Recognised deferred tax liabilities**

Deferred tax liabilities are attributable to the following:

	Assets 2009 £	Liabilities 2009 £	Net 2009 £	Assets 2008 £	Liabilities 2008 £	Net 2008 £
Overseas income not taxed	-	-	-	-	(26,828,893)	(26,828,893)
Tax liabilities	-	-	-	-	(26,828,893)	(26,828,893)

Movement in temporary differences in the year

	Balance at 1 Jan 2009 £	Recognised in income £	Recognised in reserves £	Balance at 31 Dec 2009 £
Overseas income not taxed	(26,828,893)	26,828,893	-	-

	Balance at 1 Jan 2008 £	Recognised in income £	Recognised in reserves £	Balance at 31 Dec 2008 £
Overseas income not taxed	(18,667,265)	(8,161,628)	-	(26,828,893)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

9. Investment in subsidiary undertaking

	2009 £	2008 £
At 1 January 2009 and 31 December 2009	<u>24,106,487</u>	<u>24,106,487</u>

The Company's investment in the subsidiary undertaking relates to the following:

Name of Subsidiary	Proportion of ownership	Principal business	Incorporated	Reporting date of financial statements
BOS (Ireland) Investments	100%	Investment holding company	Ireland	31 December

10. Cash and cash equivalents

	2009 £	2008 £
Cash at bank	<u>1,834,480</u>	<u>10,882</u>

11. Capital and Reserves

The distributable reserves of the Company are managed through the Group Capital and Funding Policy in order to maximise capital efficiency within Lloyds Banking Group. Dividends are paid from reserves available for distribution to the parent undertaking as reported by the previously approved annual accounts according to parameters set out at a Lloyds Banking Group level so as to avoid any build up of reserve balances within the Company.

Share capital

	Ordinary shares 2009 £	2008 £
On issue at 31 December	<u>1</u>	<u>1</u>

At 31 December 2009, the authorised share capital comprised 100 £1 Ordinary Shares (2008: 100). The one issued share is fully paid.

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

12. Trade and other payables

	2009 £	2008 £
Non-trade payables and accrued expenses	<u>1,175</u>	<u>1,175</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009

13. Financial instruments

Credit risk

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. Credit exposures arise in the normal course of the Company's business, principally from cash and cash equivalent balances with another Lloyds Banking Group company.

	2009	2008
	£	£
<u>On balance sheet:</u>		
Cash and cash equivalents	<u>1,834,480</u>	<u>10,882</u>

Exposures consist of cash and cash equivalents representing inter-company balances within Lloyds Banking Group and have an internal credit rating of better than satisfactory. At reporting date this balance was not considered past due or impaired neither were there any financial assets that would otherwise be past due nor impaired.

Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors such as:

- Interest rates (interest rate risk)
- Foreign exchange rates (foreign exchange risk)
- Equity markets (equity risk)

At the reporting date, the Company's exposure to market risk arose from interest rates and foreign exchange.

Interest rate risk

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times.

Interest rate exposure relates to income receivable on the variable rate Euro bank account. The interest expense relates to variable rate financial liabilities provided by another Lloyds Banking Group company. Accordingly, the Company does not consider itself to have any significant interest rate exposure as demonstrated by the sensitivity table below.

The principal internal control metric is the interest income sensitivity which measures how much of the current projection for the next 12 months' interest income would alter if different assumptions were made about the future levels of interest rates.

The table below sets out the sensitivity of the Company's interest income over a 12 month period to an immediate up and down 25 basis points change to all market interest rates as at the balance sheet date.

	2009	2008
	£	£
Impact of +25 bps shift	4,586	27
Impact of - 25 bps shift	(4,586)	(27)

The measure, however, is simplified in that it assumes all interest rates, for all currencies and maturities, move at the same time and by the same amount. Also, it does not recognise the impact of management actions that, in the event of an adverse rate movement, could reduce the impact on interest income.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****13. Financial instruments (continued)****Foreign currency risk**

Foreign exchange risk arises on investments and borrowings denominated in a currency other than Sterling. The currency giving rise to this risk is the Euro. The Company follows the group policy of ensuring that all foreign currency investments are matched with borrowings in the same currency. While this minimises the foreign currency risk at a Lloyds Banking Group level, foreign exchange exposure exists in this Company. Currency investments held by the Company relate to investments in subsidiary undertakings that are held at cost and translated at historic foreign exchange rate. These investments are funded by foreign currency loans, which as monetary assets retranslate each period end.

In addition, in line with Lloyds Banking Group policy, foreign currency borrowings have been taken out by the Company to match the underlying exposure to currency assets within the Company's wholly owned subsidiary BOS Ireland Investments, in order to minimise foreign exchange risk within Lloyds Banking Group. The Company is exposed to foreign exchange exposure on these borrowings.

As at 31 December 2009, if the currency had weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been £11,999,654 higher and £14,666,244 lower (2008: £12,578,168 higher and £15,373,316 lower) respectively, as a result of foreign exchange gains/losses on translation of the total Euro denominated borrowings.

Equity risk

Equity risk arises from investments in listed and unlisted equity shares. The Company has no listed or unlisted equity shares thus no sensitivity to equity risk is considered to exist.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-balance sheet instruments. The Company's short term liquidity requirements are supported by a facility with another Lloyds Bank Group company subject to internal limits. Overall liquidity of Lloyds Banking Group is managed centrally.

The table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the balance sheet date.

As at 31 December 2009

	Up to 1 mth £	1-3 mths £	3-12 mths £	1-5 yrs £	Over 5 yrs £	Total £
Amounts due to parent undertaking	26,130,871	-	-	-	-	26,130,871
Trade and other payables	-	1,175	-	-	-	1,175
Total liabilities	26,130,871	1,175	-	-	-	26,132,046

As at 31 December 2008

	Up to 1 mth £	1-3 mths £	3-12 mths £	1-5 yrs £	Over 5 yrs £	Total £
Amounts due to parent undertaking	34,316,964	-	-	-	-	34,316,964
Trade and other payables	-	1,175	-	-	-	1,175
Total liabilities	34,316,964	1,175	-	-	-	34,318,139

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****13. Financial instruments (continued)****Fair values**

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2009 £	Fair value 2009 £	Carrying amount 2008 £	Fair value 2008 £
Cash and cash equivalents	10	1,834,480	1,834,480	10,882	10,882
Amounts due to parent undertaking		(26,130,871)	(26,130,871)	(34,316,964)	(34,316,964)
Trade and other payables	12	(1,175)	(1,175)	(1,175)	(1,175)
		<u>(24,297,566)</u>	<u>(24,297,566)</u>	<u>(34,307,257)</u>	<u>(34,307,257)</u>
Unrecognised (losses) / gains			-		-

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables / payables/amounts due to parent undertaking

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****14. Related parties**

The Company has a related party relationship with its intermediate parent company Bank of Scotland plc. A number of banking transactions are entered into with Bank of Scotland plc in the normal course of business.

The Company also has a related party relationship with its parent undertaking Uberior Ventures Limited. The relationship with Uberior Ventures Limited has arisen due to the provision of funding and payment of expenses by Uberior Ventures Limited on behalf of the Company.

Details of the related party transactions during the year are disclosed in the table below.

Nature of transaction	Related party	Balance at 1 January 2009	Balance at 31 December 2009	Income/ (expense) included in income statement for the year ended 31 December 2009	Income/ (expense) included in income statement for the year ended 31 December 2008	Disclosure in financial statements
		£	£	£	£	
Bank account	Bank of Scotland plc	10,882	1,834,480	-	-	Cash and cash equivalents
Intercompany payable	Uberior Ventures Limited	(34,316,964)	(26,130,871)	-	-	Amounts due to parent undertaking
Dividend received	BOS (Ireland) Investments	-	-	1,746,191	-	Income
Audit fees	Uberior Ventures Limited	-	-	(1,000)	(1,000)	Other expenses
Income tax	Uberior Ventures Limited	-	-	-	(1,097)	Income tax expense
Interest receivable on bank account	Bank of Scotland plc	-	-	1,904	73	Financial income
Interest payable	Uberior Ventures Limited	-	-	(1,366,660)	-	Financial expense

15. Subsequent event

A number of measures announced in the June 2010 Budget statement will affect the Company. The Finance (No.2) Act 2010 includes legislation to reduce the main rate of Corporation tax from 28% to 27% with effect from 1 April 2011.

The proposed further reductions in the value of the Corporation tax by 1% per annum to 24% by 1 April 2014 are expected to be enacted separately each year starting in 2011. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2009****16. Parent undertakings**

As at 31 December 2009 the Company's immediate parent company was Uberior Ventures Limited. The company regarded by the Directors as the ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group plc) which is incorporated in Scotland. Lloyds Banking Group plc has produced consolidated accounts for the year ended 31 December 2009. Copies of the annual report and accounts of Lloyds TSB Group plc for the year ended 31 December 2009 may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual 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 company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UBERIOR (RODINHEIGHTS) LIMITED

We have audited the financial statements of Uberior (Rodinheights) Limited for the year ended 31 December 2009 which comprise the primary financial statements such as Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Hamish Anderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

29 September 2010