

UBERIOR FUND HOLDINGS LIMITED

UBERIOR FUND HOLDINGS LIMITED

REPORT AND ACCOUNTS

FOR THE 11 MONTH PERIOD ENDED 31 DECEMBER 2008

Company Number SC336918

TUESDAY



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14/04/2009

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COMPANIES HOUSE

Directors

C Richards
G R A Shankland
W W Stancer

Secretary

J E Nielsen

Registered Office

Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

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

C Richards
G R A Shankland
W W Stancer

The Directors submit their report and audited accounts of UBERIOR FUND HOLDINGS LIMITED (formerly known as Uberior ISAF COIP GP Limited) ("the Company") for the period ended 31 December 2008.

Incorporation

The Company was incorporated on 30 January 2008.

Activity and review of business

The Company is a holding company for Uberior ISAF CIP GP Ltd and Uberior ISAF CIP GP 2 Ltd. During the period ended 31 December 2008, the Company did not trade or incur any liabilities. Consequently, the Company has made neither profit nor loss during the period ended 31 December 2008.

Results and Dividends

The profit after tax for the Company for the period ended 31 December 2008 was nil. There was no dividend paid during the period.

Directors and their interests

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

Dates of resignation were as follows:

<u>Director</u>	<u>Date of Appointment</u>	<u>Date of Resignation</u>
Burness (Directors) Limited	30 January 2008	30 January 2008
M W Hammond	30 January 2008	26 November 2008
G J McDonald	30 January 2008	26 November 2008
C Richards	26 November 2008	-
G R A Shankland	30 January 2008	-
W W Stancer	30 January 2008	-

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

Company Secretary

Burness LLP resigned as Company Secretary on 30 January 2008. J E Nielsen was appointed on 30 January 2008.

REPORT OF THE DIRECTORS (cont)

Post Balance Sheet Events

Details of post balance sheet events including the acquisition of HBOS plc by Lloyds TSB Group plc are given in Note 10 to the financial statements.

Going Concern

As set out in the 'Principles underlying Going Concern Assumption' of the Basis of Preparation section of the Notes to the Accounts on page 6, the Directors are satisfied that the Group 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.

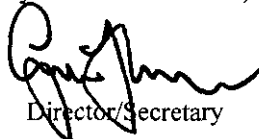
Audit information

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 / she ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Company Secretary

J E Nielsen

By Order of the Board,



Director/Secretary

23 March 2009

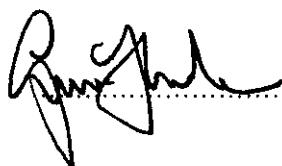
Registered Office
Level 1
Citymark
150 Fountainbridge
EDINBURGH
EH3 9PE

Balance Sheet**As at 31 December 2008**

	<i>Note</i>	2008 £
Assets		
Investments in Subsidiary undertakings	5	2
Total non-current assets		<u>2</u>
Amounts due by Parent undertaking	6	1
Total current assets		<u>1</u>
Total assets		<u><u>3</u></u>
Equity		
Issued capital	7	1
Total equity		<u>1</u>
Liabilities		
Amounts due to related undertakings	8	2
Total current liabilities		<u>2</u>
Total liabilities		<u>2</u>
Total equity and liabilities		<u><u>3</u></u>

The notes on pages 6 to 10 form part of these Accounts.

Approved by the Board by written resolution and signed on its behalf by:



..... Directors Signature

23 March 2009

Notes to the financial statements

1. Significant accounting policies

Uberior Fund Holdings Limited is a company domiciled in Scotland.

The financial statements were authorised for issue by the Directors on 23 March 2009.

(a) Principles Underlying Going Concern Assumption

During 2008, global financial markets experienced difficult conditions which have been characterised by a marked reduction in liquidity. As a consequence of this, governments and central banks carried out a series of actions to address the lack of liquidity within their respective banking systems. In the UK these actions have included the introduction by the Bank of England of liquidity support, through schemes (collectively "Bank of England facilities") such as the extended Long-Term Repo open market operations and the Special Liquidity Scheme ('SLS') whereby banks and building societies can exchange eligible securities for UK Treasury bills; and the creation of a credit guarantee scheme by HM Treasury, providing a government guarantee for certain short and medium term senior debt securities issued by eligible banks. During 2008 HBOS plc has made use of these measures in order to maintain and improve a stable funding position.

In the context of this continued turbulence and uncertainty in the financial markets, combined with a deteriorating global economic outlook, HBOS plc has also taken steps to *strengthen its capital position* in order to provide a buffer against further shocks to the financial system and to ensure that it remains competitive. On 15 January 2009, in conjunction with the takeover of HBOS plc by Lloyds TSB plc (Note 10 – Post Balance Sheet Events), HBOS plc raised £11,345m (net after costs) in preference and ordinary share capital.

On 16 January 2009, following completion of the acquisition of the Group by Lloyds Banking Group plc, the Group became a wholly owned subsidiary and became dependent upon the ultimate parent and its banking subsidiaries for its capital and liquidity funding needs.

There is a risk despite the substantial measures taken so far by governments that further deterioration in the markets could occur. In addition the economic conditions in the UK are deteriorating more quickly than previously anticipated, placing further strain on the Lloyds Banking Group's capital resources. The key dependencies on successfully funding the Lloyds Banking Group's balance sheet include the continued functioning of the money and capital markets at their current levels; the continued access of the Lloyds Banking Group to central bank and Government sponsored liquidity facilities, including access to HM Treasury's credit guarantee scheme and access to the Bank of England's various facilities; limited further deterioration in the Lloyds Banking Group's credit ratings; and no significant or sudden withdrawal of deposits resulting in increased reliance on money markets or Government support schemes.

Based upon projections prepared by Lloyds Banking Group plc management which take into account the acquisition on 16 January 2009 of HBOS plc and its subsidiaries (Note 10), together with the Lloyds Banking Group's current ability to fund in the market and the assumption that announced government sponsored schemes will continue to be available, the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The Company has received confirmation that it is the current intention of Lloyds Banking Group plc to ensure that the Company, as a subsidiary of HBOS plc, should have at all times for the foreseeable future access to adequate resources to continue to trade and meet the liabilities as they fall due. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

(b) Financial Statements

The financial statements of Uberior Fund Holdings Limited comprise the Company Balance Sheet together with the related Notes to the Financial Statements.

Notes to the financial statements (cont)**1. Significant accounting policies (cont)****(c) Statement of Compliance**

The financial statements 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.

(d) Basis of Preparation

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

(e) Investments in Subsidiaries

Investments in subsidiaries are included in the Company's financial statements. These 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.

The financial statements of subsidiaries controlled by the Company are consolidated within the financial statements of the Company's ultimate parent undertaking, HBOS plc, commencing on the date control is obtained until the date control ceases. Control is defined as being where the Company has power, directly or indirectly, to govern the financial and operating policies of such entities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Accordingly, the Company records such investments at historic cost.

2. Income Statement

The Company did not trade during the current period. Consequently, the Company has made neither profit nor loss and no income statement is therefore presented.

3. Statement of Recognised Income and Expense

The Company did not trade during the current period. Consequently, the Company has made neither profit nor loss and no statement of recognised income and expense is therefore presented.

4. Statement of Cash Flows

The Company has no cash flows in the current financial period and no statement of cash flows is therefore presented.

5. Investments in Subsidiaries

	2008
	£
At cost 30 January 2008	-
Additions	2
At cost 31 December 2008	<u>2</u>

Notes to the financial statements (cont)**5. Investments in Subsidiaries (cont)**

Details of the subsidiary undertakings are noted below:

Name of Company	% of Ordinary shares held	Principal business	Reference date	Country of incorporation
Uberior ISAF CIP GP Ltd	100	General Partner	31 December	UK
Uberior ISAF CIP GP 2 Ltd	100	General Partner	31 December	UK

6. Amounts due by Parent undertaking

	2008
	£
Uberior Investments Plc - Share capital	<u>1</u>

7. Share Capital

At 31 December 2008, the authorised share capital comprised 1 £1 Ordinary Share.

Allotted and issued, not paid up, share capital comprised 1 £1 Ordinary Share.

The holder of the Ordinary Share is entitled to receive dividends as declared from time to time and is entitled to vote at meetings of the Company.

8. Amounts due to related undertakings

	2008
	£
Uberior ISAF CIP GP Ltd – Share capital	1
Uberior ISAF CIP GP 2 Ltd – Share capital	<u>1</u>
	<u>2</u>

Dividends

After the balance sheet date the Directors did not propose any dividends.

9. Related Parties

The Company's immediate parent undertaking is Uberior Investments Plc.

The Company has a related party transaction with its immediate parent, as disclosed in Note 6 and also with its related undertakings, as disclosed in Note 8. The Company has no other transactions with related parties.

10. Post Balance Sheet Events**Lloyds acquisition**

On 18 September 2008, with the support of the UK Government, the boards of HBOS plc ('HBOS') and Lloyds TSB Group plc ('Lloyds TSB') announced that they had reached agreement on the terms of the recommended acquisition of HBOS by Lloyds TSB. The terms of the acquisition were subsequently amended, as announced on 13 October 2008, at the same time as the announcement of the participation by HBOS and Lloyds TSB in the Government's action plan to recapitalise some of the major UK banks. The acquisition was to be implemented by means of a scheme of arrangement with a separate scheme of arrangements in relation to preference shares, under sections 895 to 899 of the Companies Act 2006.

Notes to the financial statements (cont)**10. Post Balance Sheet Events (cont)****Lloyds acquisition (cont)**

On 12 January 2009 the Court of Session in Edinburgh, Scotland made an order sanctioning the scheme of arrangement for the acquisition and the preference share scheme of arrangement. The last day of trading in HBOS ordinary and preference shares was 14 January 2009.

On 15 January 2009 HBOS raised £11.5bn of capital (before costs and expenses) through an issue of £8.5bn of new ordinary shares under a placing with HM Treasury subject to clawback by existing shareholders, and an issue to HM Treasury of £3bn of new preference shares. Lloyds TSB raised £4.5bn (before costs and expenses) through an issue of £3.5bn of new ordinary shares under a placing with HM Treasury subject to clawback by existing shareholders, and an issue to HM Treasury of £1bn of new preference shares.

On 16 January 2009 the Lloyds TSB acquisition of HBOS completed following final court approval and Lloyds TSB was renamed Lloyds Banking Group plc. The exchange of HBOS shares for Lloyds Banking Group shares took place at an exchange ratio of 0.605 of a new Lloyds Banking Group share for every one HBOS share held. As a result, the UK Government through HM Treasury owned approximately 43.4% of the enlarged ordinary share capital of Lloyds Banking Group. In addition, each class of preference share issued by HBOS, including the preference shares issued to HM Treasury in the capital raising was replaced with an equal number of new Lloyds Banking Group preference shares.

HBOS ordinary and preference shares were de-listed from the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange was cancelled on 19 January 2009 when trading in the new Lloyds Banking Group shares commenced.

Government Asset Protection Scheme

On 7 March 2009, the Company's ultimate parent undertaking, Lloyds Banking Group plc ("LBG"), announced its intention to participate in the Government's Asset Protection Scheme. LBG intends to participate in the Scheme in respect of assets and exposures on its consolidated balance sheet with an aggregate book value of approximately £250bn and will pay a fee to HM Treasury of £15.6bn which will be amortised over an estimated 7 year period. The proceeds of this fee will be applied by HM Treasury in subscribing for an issue of "B" shares of LBG, carrying a dividend of the greater of 7% per annum and 125% of the dividend on ordinary shares.

LBG has also agreed to replace the £4bn of preference shares held by HM Treasury with new ordinary shares which will be offered to eligible LBG shareholders pro rata to their existing shareholdings at a fixed price of 38.43 pence per ordinary share. These new ordinary shares will be offered to shareholders and new investors on the same basis as the Placing and Open Offer in November 2008. The ordinary share offer is fully underwritten by HM Treasury on substantially the same fee basis as the Placing and Open Offer conducted in November 2008.

Participation in the Scheme and the replacement of the preference shares is subject to approval by eligible LBG shareholders.

11. Parent undertakings

As at 31 December 2008 the Company's immediate parent company was Uberior Investments plc. The company regarded by the directors as the ultimate parent company at 31 December 2008 was HBOS plc, a limited liability company incorporated and domiciled in Scotland, which was also the parent undertaking of the largest group of undertakings for which Group accounts are drawn up and of which the Company is a member.

Notes to the financial statements (cont)**11. Parent undertakings (cont)**

From 16 January 2009, Uberior Fund Holdings Limited's ultimate parent undertaking and controlling party is Lloyds Banking Group plc (formerly Lloyds TSB Group) which is incorporated in Scotland. Lloyds Banking Group plc will produce 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 2008 may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London, EC2V 7HN.

Prior to 16 January 2009, HBOS plc was the ultimate parent undertaking of Uberior Fund Holdings Limited. Copies of the annual report and accounts of HBOS plc for the year ended 31 December 2008 may be obtained from HBOS plc's registered office at The Mound, Edinburgh, EH1 1YZ.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in respect of the UBERIOR FUND HOLDINGS 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 company financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU.

The company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the company and the performance 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 the company financial statements, 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 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 UBERIOR FUND HOLDINGS LIMITED

We have audited the financial statements of Uberior Fund Holdings Limited for the period ended 31 December 2008 which, comprise 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

The Directors' responsibilities for preparing the 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 11.

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 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 Director's 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 IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2008;
- 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

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Edinburgh

23 March 2009