

Registered Number: 2555030

S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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**S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**S. J. S. INVESTMENTS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

HBOS Directors Ltd
J Carson (appointed 8 December 2008)
J Pike (resigned 8 December 2008)

SECRETARY

HBOS Secretaries Ltd

REGISTERED OFFICE

Trinity Road
HALIFAX
HX1 2RG

AUDITOR

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

S. J. S. INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

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

BUSINESS STRUCTURE

The parent undertaking of the Company is Bank of Scotland plc and the smallest group into which the Company is consolidated is the consolidated accounts of Bank of Scotland plc group.

DIRECTORS

The directors who served during the year were as follows:

HBOS Directors Ltd
J Carson (appointed 8 December 2008)
J Pike (resigned 8 December 2008)

RESULTS AND DIVIDEND

The profit for the year is shown in the income statement on page 8. The directors do not recommend the payment of a dividend (2007: £nil).

GOING CONCERN

As set out in the "Principles Underlying Going Concern Assumption" of the Basis of Preparation section of the notes to the accounts, the Directors are satisfied that S.J.S. Investments 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.

The going concern basis assumes the continued support of other group companies. If this support were not forthcoming the Company would have to reduce the monetary value of the assets to recoverable amounts, to provide for further liabilities that might arise and reclassify all assets and liabilities as current assets and liabilities.

**S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

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 and of laying financial statements and reports before the Company in General Meeting.

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 12 to the financial statements on page 19.

By Order of the Board



For and on behalf of
HBOS Secretaries Limited
SECRETARY

The Mound
EDINBURGH
EH1 1YZ

Date 31/3/09

S. J. S. INVESTMENTS 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 to present fairly the financial position and performance of the Company; 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF S. J. S. INVESTMENTS LIMITED**

We have audited the financial statements of S. J. S Investments Limited for the year ended 31 December 2008 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 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 S. J. S. INVESTMENTS 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 2008 and of its profit 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 31st March 2009

**S. J. S. INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £000	2007 £000
Gross rental income		-	-
Service charge income		-	-
Service charge expenses		-	-
		<hr/>	<hr/>
NET RENTAL AND RELATED INCOME		-	-
Administrative expenses	2	-	9
		<hr/>	<hr/>
OPERATING PROFIT		-	9
Financial income	4	12	16
		<hr/>	<hr/>
NET FINANCING COSTS		12	16
		<hr/>	<hr/>
PROFIT BEFORE TAX		12	25
Income tax expense	5	(4)	(8)
		<hr/>	<hr/>
PROFIT AFTER TAX FOR THE PERIOD	8	8	17
		<hr/>	<hr/>

Profit is in respect of continuing operations. All of the above profit for the period is attributable to equity holders.

A statement of the movement on reserves is shown in note 8 to the financial statements on page 17.

The Company had no recognised gains or losses in the current or preceding financial year, other than the income and expenses shown above. Accordingly, no statement of recognised income and expenses is presented.

The notes on pages 11 to 20 form part of these financial statements.

S. J. S. INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 £000	2007 £000
CURRENT ASSETS			
Trade and other receivables	6	7,020	7,020
Income tax recoverable		217	213
Cash & cash equivalents	7	449	445
TOTAL CURRENT ASSETS		7,686	7,678
TOTAL ASSETS		7,686	7,678
EQUITY			
Issued capital	8	-	-
Reserves	8	7,213	7,205
TOTAL EQUITY		7,213	7,205
LIABILITIES			
Trade and other payables	9	473	473
TOTAL CURRENT LIABILITIES		473	473
TOTAL LIABILITIES		473	473
TOTAL EQUITIES AND LIABILITIES		7,686	7,678

These financial statements were approved by the Board of Directors on 31/3/09 and were signed on its behalf by:



For and on behalf of
 HBOS Directors Limited
 DIRECTOR

The notes on pages 11 to 20 form part of these financial statements

**S. J. S. INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £000	2007 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Tax		12	25
Adjustments for:			
Decrease in trade receivables	6	-	87
(Decrease) in trade payables	9	-	(184)
Financial Income	4	(12)	(16)
Cash generated from operations		-	(88)
Income taxes paid		(8)	(4)
NET CASH FROM OPERATING ACTIVITIES		(8)	(92)
Cash flows from investing activities:			
Interest received	4	12	16
NET CASH FROM INVESTING ACTIVITIES		12	16
Net increase/(decrease) in cash and cash equivalents		4	(76)
Cash and cash equivalents at start of period	7	445	521
Cash and cash equivalents at 31 December		449	445

The notes on pages 11 to 20 form part of these financial statements

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. SIGNIFICANT ACCOUNTING POLICIES

S.J.S. Investments Ltd is a Company domiciled in England.

1.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations as endorsed by the EU and effective at 31 December 2008.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2008. 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 8).

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

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 systems and to ensure that it remains competitive. On 15 January 2009, in conjunction with the takeover of HBOS plc by Lloyds TSB Group plc, HBOS plc raised £11,345m (net after costs) in preference and ordinary share capital.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (Cont'd)

1.2 BASIS OF PREPARATION (cont'd)

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, liquidity and 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 12) 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 have 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 their liabilities as they fall due. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis. Pounds sterling is the Company's functional currency and the currency in which these financial statements are presented.

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (Cont'd)**

1.3 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following interpretations and standards have been adopted by the European Union but are not effective for the year ended 31 December 2008 and have not been applied in preparing the financial statements. Where appropriate, disclosures will be revised in the financial statements in the year in which the standard or interpretation becomes applicable.

IFRS 8 "Operating Segments" which is applicable for periods commencing on or after 1 January 2009. The application of this standard in 2008 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 2008 and have not been applied in preparing the financial statements:

IAS 1 "Presentation of financial statements" which is effective commencing on or after 1 January 2009. The application of this revised standard in 2008 would not have had any material impact on the financial statements

1.4 IFRS 7 FINANCIAL INSTRUMENTS

The financial instruments are cash and cash equivalents on which no interest accrues or is earned and amounts due to/from group undertakings. 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. The book value of these financial instruments equates to their fair value.

1.5 INVESTMENT PROPERTY

Investment properties, which are defined as properties which are held either to earn rental income or for capital appreciation or both, are initially recognised at cost and fair valued annually. Any gains or losses arising from a change in the fair value are recognised in the income statement in the period that they occur. Investment properties are not depreciated.

1.6 RENTAL INCOME

Rental income from investment property leased out under operating lease is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

1.7 NET SERVICE CHARGE INCOME

Service charge income represents the income receivable from tenants in respect of services of maintenance and utilities etc when the Company acts as principal.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)

1.8 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1.9 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

1.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.11 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

1.12 IMPAIRMENT

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)

2. ADMINISTRATIVE EXPENSES

	2008	2007
	£000	£000
Amounts include:		
Auditor's remuneration	-	1
	-	1

Credit charge to administrative expenses in 2007 results from the release of accruals no longer needed.

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

Auditor's remuneration was borne by the Bank of Scotland plc. 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.

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. FINANCIAL INCOME

	2008	2007
	£000	£000
Interest receivable from group undertakings	12	16
- Bank account with Bank Of Scotland		
	12	16

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)

5. INCOME TAX EXPENSE

Recognised in the income statement	2008 £000	2007 £000
<u>Current tax expense/(credit)</u>		
- Current year	4	8
- Adjustments for prior periods	-	-
- Deferred Tax	-	-
	<hr/>	<hr/>
Total income tax expense/(credit) in income statement	4	8
	<hr/>	<hr/>
Reconciliation of effective tax rate	2007 £000	2007 £000
Profit on ordinary activities before taxation	12	25
	<hr/>	<hr/>
Income tax using the corporation tax rate	4	8
Property revaluation	-	-
Book gains covered by capital losses/indexation/SSE	-	-
Expenses not deductible for corporation tax purposes	-	-
	<hr/>	<hr/>
	4	8
	<hr/>	<hr/>

6. TRADE AND OTHER RECEIVABLES

	2008 £000	2007 £000
Amount due from fellow subsidiary	7,020	7,020
	<hr/>	<hr/>
	7,020	7,020
	<hr/>	<hr/>

The amount due from fellow subsidiary is neither past due nor impaired and along with the cash balance represents the maximum exposure to credit risk.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)

7. CASH AND CASH EQUIVALENTS

	2008	2007
	£000	£000
Bank balance		
- Account with fellow subsidiary, Bank of Scotland	449	445
	449	445

8. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves	Share Capital	Revaluation Reserve	Reserves	Total equity
	£000	£000	£000	£000
Balance at 1 January 2007	-	-	7,188	7,188
Total recognised income and expense	-	-	17	17
Balance at 31 December 2007	-	-	7,205	7,205
Balance at 1 January 2008	-	-	7,205	7,205
Total recognised income and expense	-	-	8	8
Balance at 31 December 2008	-	-	7,213	7,213

Share capital

The share capital issued as at 31 December 2007 and 31 December 2008 relates to 2 ordinary shares each with a par value of £1.

At 31 December 2008, the authorised share capital comprised 100,000 ordinary shares (2007: 100,000) each with a par value of £1.

The holders of ordinary shares are entitled to receive dividends as declared 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.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)

9. TRADE AND OTHER PAYABLES

	2008	2007
	£000	£000
Amounts due to immediate parent undertaking	473	473
	473	473

Amounts due to the immediate parent undertaking are payable on demand.

10. RELATED PARTIES

Interest receivable as detailed in note 4 is from Bank of Scotland Plc in respect of a current account.

Amounts due to immediate parent undertaking, as disclosed in note 9, relate to Leeds Light Investments Ltd.

Amounts due from fellow subsidiaries, as disclosed in note 6 relate to Clerical Medical Investment Group Ltd and Halifax Life Ltd.

11. ULTIMATE PARENT UNDERTAKING

As at 31 December 2008 the Company's immediate parent company was Bank of Scotland plc. The company regarded by the directors as the ultimate parent company at 31 December 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. Bank of Scotland plc was the parent undertaking of the smallest such group of undertakings.

From 16 January 2009, SJS Investments Ltd's 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 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 SJS Investments Ltd. 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.

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)

12. POST BALANCE SHEET EVENTS

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 arrangement in relation to preference shares, under sections 895 to 899 of the Companies Act 2006.

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.

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008 (Cont'd)**

12. POST BALANCE SHEET EVENTS (Cont'd)

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 by the Group of "B" shares, carrying a dividend of the greater of 7 per cent per annum and 125 per cent 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.