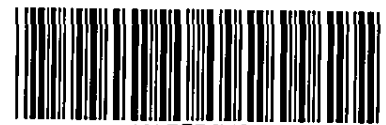


Registered Number. 2555030

S. J. S. INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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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

S Anderson (resigned 12 December 2007)
D Fisher (resigned 12 December 2007)
J Pike (appointed 12 December 2007)
Halifax Directors Ltd (appointed 12 December 2007)

SECRETARY

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

REGISTERED OFFICE

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 2007

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

On 17 September in accordance with the provisions of the HBOS Group Reorganisation Act 2006 ("the Act"), the Governor and Company of the Bank of Scotland registered as a public limited company under the Companies Act and changed its name to Bank of Scotland plc. On the same day, under the Act, the business activities, assets (including investments in subsidiaries) and liabilities of Capital Bank plc, Halifax plc and HBOS Treasury Services plc transferred to Bank of Scotland plc.

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

DIRECTORS

The directors who served during the year were as follows:

S Anderson (resigned 12 December 2007)
D Fisher (resigned 12 December 2007)
J Pike (appointed 12 December 2007)
Halifax Directors Ltd (appointed 12 December 2007)

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 (2006: £nil).

GOING CONCERN

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.

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

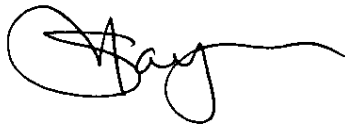
AUDIT INFORMATION

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, of laying financial statements and reports before the Company in General Meeting, and with the obligation to reappoint auditors annually

By Order of the Board



For and on behalf of
Halifax Secretaries Limited
SECRETARY

The Mound
EDINBURGH
EH1 1YZ

Date 30/5/08

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 and IFRSs as adopted by the EU to present fairly the financial position and performance of the Company for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report.

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

We have audited the financial statements of S J S Investments Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF 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 2007 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 30/5/08

**S. J. S INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £000	2006 £000
Gross rental income	2	-	257
Service charge income	3	-	28
Service charge expenses	3	-	150
NET RENTAL AND RELATED INCOME		-	435
Loss on disposal of investment properties	9	-	(298)
Administrative expenses	4	9	(62)
OPERATING PROFIT		9	75
Financial income	7	16	10
NET FINANCING COSTS		16	10
PROFIT BEFORE TAX		25	85
Income tax (expense)/credit	8	(8)	2,428
PROFIT AFTER TAX FOR THE PERIOD	12	17	2,513

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 12 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 19 form part of these financial statements.

S J. S. INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007		2006	
		£000	£000	£000	£000
ASSETS					
Investment Property	9	-		-	
TOTAL NON-CURRENT ASSETS			-		-
Trade and other receivables	10	7,020		7,107	
Income tax recoverable		213		217	
Cash & cash equivalents	11	445		521	
TOTAL CURRENT ASSETS			7,678		7,845
TOTAL ASSETS			7,678		7,845
EQUITY					
Issued capital	12	-		-	
Reserves	12	7,205		7,188	
TOTAL EQUITY			7,205		7,188
LIABILITIES					
Deferred tax liabilities	13	-		-	
TOTAL NON-CURRENT LIABILITIES			-		-
Trade and other payables	14	473		657	
TOTAL CURRENT LIABILITIES			473		657
TOTAL LIABILITIES			473		657
TOTAL EQUITIES AND LIABILITIES			7,678		7,845

These financial statements were approved by the Board of Directors on 30/05/07 and were signed on its behalf by



J Pike
DIRECTOR

The notes on pages 11 to 19 form part of these financial statements

S. J. S. INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £000	2006 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Tax		25	85
Adjustments for			
(Increase)/decrease in trade receivables	10	87	(6,772)
(Decrease) in trade payables	14	(184)	(5,663)
Loss on disposal of investment properties		-	298
Financial Income	7	(16)	(10)
Cash generated from operations		(88)	(12,062)
Income taxes paid		(4)	-
NET CASH FROM OPERATING ACTIVITIES		(92)	(12,062)
Cash flows from investing activities			
Interest received	7	16	10
NET CASH FROM INVESTING ACTIVITIES		16	10
Cash flows from financing activities			
Disposal of investment properties		-	12,537
NET CASH FROM FINANCING ACTIVITIES		-	12,537
Net increase/(decrease) in cash and cash equivalents		(76)	485
Cash and cash equivalents at start of period	11	521	36
Cash and cash equivalents at 31 December		445	521

The notes on pages 11 to 19 form part of these financial statements

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. SIGNIFICANT ACCOUNTING POLICIES

S J S Investments Ltd is a Company domiciled in England

1.1 STATEMENT OF COMPLIANCE

The financial statements of S J S Investments Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as endorsed by the EU and effective at 31 December 2007

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2007 IFRS 7 "Financial Instruments Disclosures" became effective for all accounting periods ending on or after 1 January 2007 The principles in this standard complement the principles for recognising, measuring and presenting financial assets and liabilities in IAS 32 "Financial Instruments Presentation" and IAS 39 "Financial Instruments Recognition and Measurement"

Adoption of the Capital disclosure amendment to IAS 1 "Presentation of financial statements" became mandatory for all accounting periods ending on or after 1 January 2007 The adoption of this amendment has had no quantitative impact on the financial data presented in either the current or the comparative year Additional disclosure is presented in the capital and reserves note (note 12)

The accounts also comply with the relevant provisions of Part VII of the Companies Act 1985, as amended by the Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004

1.2 BASIS OF PREPARATION

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

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (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 2007 and have not been applied in preparing the financial statements

IFRS 8 "Operating Segments" which is applicable for periods commencing on or after 1 January 2009. The application of this standard in 2007 would not have had any financial impact as it is only concerned with disclosure.

The following standards and interpretations have not yet been adopted by the European Union, are not effective for the year ended 31 December 2007 and have not been applied in preparing the financial statements

IAS 1 "Presentation of financial statements" which is effective commencing on or after 1 January 2009. The application of this revised standard in 2007 would not have had any material impact on the financial statements

1.4 IFRS 7 FINANCIAL INSTRUMENTS

The 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.

S. J. S INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (Cont'd)

1.7 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.

1.8 TRADE AND OTHER RECEIVABLES

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

1.9 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.

1.10 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

1.11 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 2007 (Cont'd)**

2. GROSS RENTAL INCOME

	2007	2006
	£000	£000
Gross lease payments	-	257

Gross lease payments relate to operating leases on investment properties that were disposed of in 2006

3 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

4 ADMINISTRATIVE EXPENSES

	2007	2006
	£000	£000
Amounts include		
Legal fees	-	53
Auditor's remuneration	1	1

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

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

5. 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

S J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007 (Cont'd)

6 OPERATING EXPENSES

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

7. FINANCIAL INCOME

	2007	2006
	£000	£000
Interest receivable from group undertakings	16	10
- Bank account with Bank Of Scotland	<u> </u>	<u> </u>

8 INCOME TAX EXPENSE

Recognised in the income statement

	2007	2006
	£000	£000
<u>Current tax expense/(credit)</u>		
- Current year	8	72
- Adjustments for prior periods	-	-
- Deferred Tax	-	(2,500)
	<u> </u>	<u> </u>
Total income tax expense/(credit) in income statement	8	(2,428)

Reconciliation of effective tax rate

	2007	2006
	£000	£000
Profit on ordinary activities before taxation	<u> </u>	<u> </u>
	25	85
Income tax using the corporation tax rate	8	26
Property revaluation	-	(1,826)
Book gains covered by capital losses/indexation/SSE	-	(717)
Expenses not deductible for corporation tax purposes	-	89
	<u> </u>	<u> </u>
	8	(2,428)

S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007 (Cont'd)

9. INVESTMENT PROPERTY

	Completed Property £000
At 1 January 2006	12,835
Disposals	(12,835)
	-
At 31 December 2006	-
	-
At 1 January 2007	-
At 31 December 2007	-

Investment properties were sold during 2006 with a loss on sale of £298,000

10. TRADE AND OTHER RECEIVABLES

	2007 £000	2006 £000
Trade receivables and prepayments	-	87
Amount due from fellow subsidiary	7,020	7,020
	7,020	7,107

The movement in amounts due from fellow subsidiary reflects proceeds due from the disposal of the investment properties. 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.

11 CASH AND CASH EQUIVALENTS

	2007 £000	2006 £000
Bank balance		
- Account with fellow subsidiary, Bank of Scotland	445	521
	445	521

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007 (Cont'd)**

12. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves	Share Capital £000	Revaluation Reserve £000	Reserves £000	Total equity £000
Balance at 1 January 2006	-	-	4,675	4,675
Total recognised income and expense	-	-	2,513	2,513
Balance at 31 December 2006	-	-	7,188	7,188
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

Share capital

The share capital issued as at 31 December 2006 and 31 December 2007 relates to 2 ordinary shares each with a par value of £1

At 31 December 2007, the authorised share capital comprised 100,000 ordinary shares (2006 100,000) each with a par value of £1

The holders of ordinary shares are entitled to receive dividends as declared 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 2007 (Cont'd)

13. DEFERRED TAX

	2007	2006
	£000	£000
The movement on deferred tax was as follows -		
Balance brought forward	-	2,500
Current period credit	-	(2,500)
	-	-
	-	-

14. TRADE AND OTHER PAYABLES

	2007	2006
	£000	£000
Amounts due to immediate parent undertaking	473	473
VAT payable	-	84
Accruals and deferred income	-	100
	473	657
	473	657

Amounts due to the immediate parent undertaking are payable on demand

**S. J. S. INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007 (Cont'd)**

15 RELATED PARTIES

The investment properties were sold in May 2006 and hence had nil rental income in 2007, in 2006 one property was rented to Halifax plc and had rental income of £31,000 Interest receivable as detailed in note 7 is from Bank of Scotland Plc in respect of a current account

Amounts due to immediate parent undertaking, as disclosed in note 14, relate to Leeds Light Investments Ltd

Amounts due from fellow subsidiaries, as disclosed in note 10, relate to Clerical Medical Investment Group Ltd and Halifax Life Ltd

16. ULTIMATE PARENT UNDERTAKING

HBOS plc is the ultimate parent undertaking of S J S Investments Limited and heads the largest group into which the accounts of the Company are consolidated The consolidated accounts of HBOS plc may be obtained from its head office at The Mound, Edinburgh, EH1 1YZ

Bank of Scotland plc heads the smallest group into which the accounts of the Company are consolidated The accounts of Bank of Scotland plc may be obtained from its Head Office at The Mound, Edinburgh EH1 1YZ