
Southern Mortgage Corporation Limited

Annual Report

For the year ended 31 December 1999

Registered No: 1849640



**Annual Report
for the year ended 31 December 1999**

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Directors and Advisers

Directors

M Lodge

D McPherson

Secretary and Registered Office

S Waite

Trinity Road

Halifax

West Yorkshire

HX1 2RG

Directors' Report
for the year ended 31 December 1999

The Directors present their report together with the accounts for the year ended 31 December 1999.

Business objectives and principal activities

The company did not trade during the year and accordingly no profit and loss account is presented. It is not expected that it will trade in the foreseeable future.

Ultimate Parent Undertaking

At the commencement of business on 19 April 1999 the business of Birmingham Midshires Building Society and ownership of its subsidiaries was transferred to Halifax plc. Following a group reconstruction on 1 June 1999, a new ultimate parent undertaking, Halifax Group plc, was established which owns all the ordinary share capital of Halifax plc, the previous parent undertaking.

Directors

The Directors who have served during the year were.

W G Thomas (resigned 19/4/1999)
I Kerr (resigned 19/4/1999)
M Lodge (appointed 19/4/1999)
D McPherson (appointed 1/11/1999)
S J Rosbrook (appointed 19/4/1999)
(resigned 1/11/1999)

No Director had any interest in the share capital of the company at any time during the year.

As a consequence of the corporate restructuring on 1 June 1999, the directors' share interests in Halifax plc have been exchanged for interests in Halifax Group plc shares, on the basis of 37 shares for every 40 shares previously held. Therefore the table below reflects interests in Halifax Group plc shares at 31 December 1999 and in those of Halifax plc at 1 January 1999.

The interests of the directors in the shares of the ultimate holding company, including interests in shares held beneficially under the long term and the short term bonus schemes, were as follows:

		31 December 1999	1 January 1999 or date of appointment
M S Lodge	Trustee	14,626,075	14,432,826
	Beneficial	185	640
D J McPherson		185	185

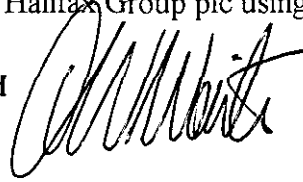
Southern Mortgage Corporation Limited

Under the terms of Halifax plc Sharesave scheme 1997, options to acquire shares in the ultimate holding company were granted to or exercised by the following

	Waived in Year	Lapsed in Year	Number of Options Granted in Year	Exercised in Year
M S Lodge	672	-	1,141	-
D J McPherson	1,189	-	1,819	-

Where relevant, scheme participants agreed to waive options in Halifax plc shares and were granted replacement options in Halifax Group plc using a basis specified by the Inland Revenue.

By order of the Board
S N Waite
Secretary



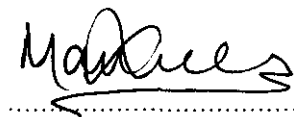
11 February 2000

Southern Mortgage Corporation Limited

BALANCE SHEET
as at 31 December 1999

	Note	1999 £	1998 £
Current assets:			
Debtors: amounts owed by parent undertaking		1,000	1,000
Total current assets		1,000	1,000
Net current assets		1,000	1,000
Capital and reserves:			
Called up share capital	3	1,000	1,000
Total shareholders' funds		1,000	1,000

The company was dormant throughout the financial year. The accounts on pages 4 to 6 were approved by the Board of Directors on 11 February 2000 and were signed on its behalf by:



M S Lodge, Director

NOTES TO THE ACCOUNTS

for the year ended 31 December 1999

1 ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared in accordance with the historical cost convention and with applicable accounting standards in the United Kingdom, which have been applied consistently.

2 PROFIT AND LOSS ACCOUNT

During the financial year the company received no income and incurred no expenditure and consequently there is neither a profit nor loss to report.

3 CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised, Allotted, called up and fully paid:		
10 ordinary shares of £1 each	10	10
40 preferred ordinary shares of £1 each	40	40
50 5% non cumulative 'A' preference shares of £1 each	50	50
900 1% non cumulative 'B' preference shares of £1 each	900	900
	1,000	1,000

The preference shares are non-voting and have a preferential right to a return of capital on a winding up.

4 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of Halifax Group plc, which is registered in England and Wales and operates in the United Kingdom. Halifax Group plc is the ultimate parent undertaking and heads the largest higher group of undertakings for which group accounts are drawn up and of which the company is a member. Halifax plc, which is also registered in England and Wales and operates in the United Kingdom, is the company which heads the smallest higher group of undertakings for which group accounts are drawn up and of which the company is a member.

Copies of the financial statements of Halifax Group plc and Halifax plc can be obtained from Trinity Road, Halifax, West Yorkshire, HX1 2RG, which is the principal place of business for both companies.

5 RELATED PARTY TRANSACTIONS

Full disclosure of transactions and balances with the ultimate parent undertaking, its direct and indirect subsidiaries and quasi subsidiary which are eliminated on consolidation are not made in these accounts. Classification of such transactions and balances in other notes to these accounts are disclosed as appropriate.