

MORTGAGE SERVICES FUNDING LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

Registered office

Trinity Road
Halifax
West Yorkshire
HX1 2RG

Registered number

2352271

Directors

HBOS Directors Limited
G C Cockcroft

Company Secretary

HBOS Secretaries Limited



Member of Lloyds Banking Group

MORTGAGE SERVICES FUNDING LIMITED

REGISTERED NUMBER: 2352271

DIRECTORS' REPORT

The Directors have pleasure in submitting this report for Mortgage Services Funding Limited, a company incorporated in England

Principal activities and business review

During the year ended 31 December 2009, the Company did not trade or incur any liabilities and consequently has made neither a profit nor a loss

The Company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year and preceding financial period. It is anticipated that the Company will remain dormant for the foreseeable future. Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company. There are no risks or uncertainties facing the Company including those within the context of the use of financial instruments.

Directors

The names of the present Directors of the Company are shown on the cover

The following changes to the Directors took place during the year

HBOS Directors Limited	(resigned 30 June 2009 and reappointed 30 September 2009)
S Zackiewicz	(appointed 30 June 2009 and resigned 30 September 2009)
G C Cockcroft	(appointed 30 June 2009)
HBOS Secretaries Limited	(resigned 30 June 2009)

On behalf of the board

A - Lockwood

HBOS Secretaries Limited
Company Secretary
21 April 2010

MORTGAGE SERVICES FUNDING LIMITED

BALANCE SHEET AT 31 DECEMBER 2009


	Note	2009 £000	2008 £000
Current liabilities			
Amounts owed to other group undertakings	2	(2,131)	(2,131)
Net liabilities		<u>(2,131)</u>	<u>(2,131)</u>
Equity			
Share capital	3	50	50
Retained losses		(2,181)	(2,181)
Total equity		<u>(2,131)</u>	<u>(2,131)</u>

For the year ended 31 December 2009 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies.

Directors' responsibilities

- The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

The financial statements on pages 2 to 4 were approved by the Board of Directors on 21 April 2010 and signed on its behalf by



G C Cockcroft
Director

The accompanying notes are an integral part of the financial statements

MORTGAGE SERVICES FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting policies

The financial statements have been prepared under the historical cost convention, in compliance with the requirements of the Companies Act 2006 and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements.

The Company has net liabilities and is reliant on funding ultimately provided by Lloyds Banking Group plc. Owing to uncertainty in financial markets, Lloyds Banking Group plc participates in government sponsored measures to improve funding and liquidity. 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.

An income statement, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows are not presented in these financial statements as these would show nil amounts for the current and preceding financial years.

2. Current liabilities: amounts owed to other group undertakings

	2009	2008
	£'000	£'000
Owed to parent company:		
At 1 January and 31 December	(2,131)	(2,131)

Representing

Bank of Scotland plc

Amounts owed to other group undertakings are non-interest bearing and are repayable on demand. The fair value of amounts owed to other group undertakings is equal to their carrying amounts.

MORTGAGE SERVICES FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

3. Share capital

	2009 £'000	2008 £'000
Authorised 50,000 ordinary shares of £1 each	50	50
Allotted, issued and fully paid 50,000 ordinary shares of £1 each	50	50

4. Related party transactions

The Company's immediate parent company is Birmingham Midshires Mortgage Services Limited. The company regarded by the directors as the ultimate parent company is Lloyds Banking Group plc (formerly Lloyds TSB Group plc), a limited liability company incorporated and domiciled in Scotland, which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Bank of Scotland plc is the parent undertaking of the smallest such group of undertakings. Copies of the group financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN.

The Company's related parties include other companies in the Lloyds Banking Group, pension schemes of the Company's ultimate parent company and the Company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, which is determined to be the Company's directors.

There were no transactions between the Company and key management personnel during the current or preceding year.

Key management personnel are employed by other companies in the Lloyds Banking Group and consider that their services to the Company are incidental to their other activities within the group.