

Registered Number 6691572

DEVA FINANCING HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2011



**DEVA FINANCING HOLDINGS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

SFM Directors Limited
SFM Directors (No 2) Limited
Claudia Wallace

COMPANY SECRETARY

SFM Corporate Services Limited

REGISTERED OFFICE

35 Great St Helen's
London
EC3A 6AP

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

DEVA FINANCING HOLDINGS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2011

The directors present their annual report and the audited financial statements for Deva Financing Holdings Limited (the "Company") for the year ended 31 December 2011

The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 (the "Act") and the directors' report has therefore been prepared taking into consideration the provisions of section 417(1) of the Act

Principal activity

The Company has been set up as a special purpose vehicle. The principal activity of the Company is that of a non-operating parent company for Deva Financing PLC

The activities of the Company and Deva Financing PLC are conducted primarily by reference to a series of securitisation documents (the "Programme Documentation"). The securitisation structure has been established as a means of raising finance for The Mortgage Business plc ("TMB"), and subsequently Lloyds Banking Group plc ("LBG"). The Programme Documentation sets out the workings of the transaction and the principal risks to the Noteholders. As such, these have not been reproduced in full in the financial statements

The authorised share capital of the Company comprises one hundred ordinary shares of £1 each. The issued share capital of the Company comprises one ordinary share of £1 which is held by SFM Corporate Services Limited (the "Share Trustee") on a discretionary trust for charitable purposes

The Company meets the definition of a Special Purpose Entity under International Financial Reporting Standards ("IFRSs"). The issue of control has been assessed and the directors do not consider it appropriate to prepare consolidated financial statements for Deva Financing Holdings Limited. In accordance with the requirements of SIC 12 "Consolidation – Special Purpose Entities", the Company's financial statements are consolidated within the group financial statements of LBG for the year ended 31 December 2011

Results and dividends

The Company has not traded in the current year or previous year and therefore has made neither a profit nor a loss. The Company had no other recognised gains or losses during the year or the previous year. The Company has therefore not prepared a statement of comprehensive income. The directors do not recommend the payment of a dividend (2010: £nil)

Policy and practice on payment of creditors

Any expenses incurred by the Company are paid on its behalf by Deva Financing PLC

**DEVA FINANCING HOLDINGS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2011 (CONTINUED)**

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows

SFM Directors Limited
SFM Directors (No 2) Limited
Claudia Wallace

The directors are also all directors of Deva Financing PLC. None of the directors has any beneficial interest in the ordinary share capital of the Company. None of the directors had any interest in any material contract or arrangement with the Company either during or at the end of the year.

Third Parties Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of Claudia Wallace, SFM Directors Limited and SFM Directors (No 2) Limited. Enhanced indemnities are provided to the directors by Structured Finance Management Limited ("SFM") against liabilities and associated costs which they could incur in the course of their duties to the Company. These indemnity provisions remain in force at the date of this report.

Employees

The Company has employed no staff during the year ended 31 December 2011 or the previous year.

Statement of Directors' Responsibilities

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

**DEVA FINANCING HOLDINGS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2011 (CONTINUED)**

Statement of Directors' Responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

Independent Auditors

Pursuant to section 487 of the Companies Act 2006, auditors duly appointed by the sole member of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and PricewaterhouseCoopers LLP, having expressed their willingness, will therefore continue in office.

Statement of Going Concern

The directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the financial statements.

By Order of the Board,



Claudia Wallace
Per pro SFM Corporate Services Limited

Registered Office
35 Great St Helen's
London
EC3A 6AP

DATE 21 March 2012

**DEVA FINANCING HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DEVA FINANCING HOLDINGS LIMITED**

We have audited the financial statements of Deva Financing Holdings Limited for the year ended 31 December 2011 which comprise the Balance sheet, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**DEVA FINANCING HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DEVA FINANCING HOLDINGS LIMITED (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark Hannam (senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

DATE 21 March 2012


DEVA FINANCING HOLDINGS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 £	2010 £
Assets			
Investment in subsidiary undertaking	2	12,501	12,501
Trade and other receivables	3	1	1
		<hr/>	<hr/>
Total assets		12,502	12,502
		<hr/>	<hr/>
Equity and liabilities			
Trade and other payables	4	12,501	12,501
		<hr/>	<hr/>
Total liabilities		12,501	12,501
		<hr/>	<hr/>
Share capital	5	1	1
		<hr/>	<hr/>
Shareholders' equity		1	1
		<hr/>	<hr/>
Total equity and liabilities		12,502	12,502
		<hr/>	<hr/>

STATEMENT OF COMPREHENSIVE INCOME

During the current year and the previous year, the Company did not trade, receive any income, incur any expenditure, or recognise any other income or expenditure. Consequently during the current year and the previous year the Company made neither a profit nor a loss, accordingly no Statement of Comprehensive Income has been prepared in accordance with the provisions under section 444(5) of the Companies Act 2006 applicable to companies subject to the small companies regime.

The directors approved the financial statements on 21 March 2012


 Claudia Wallace
 Per pro SFM Directors Limited
 Director

The accompanying notes on pages 9 to 13 are an integral part of the financial statements

DEVA FINANCING HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital £	Retained profits £	Total £
Balance at 1 Jan 2011	1	-	1
Profit / total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 Dec 2011	1	-	1
	<hr/>	<hr/>	<hr/>

	Share capital £	Retained profits £	Total £
Balance at 1 Jan 2010	1	-	1
Profit / total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 Dec 2010	1	-	1
	<hr/>	<hr/>	<hr/>

The accompanying notes on pages 9 to 13 are an integral part of the financial statements

**DEVA FINANCING HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. SIGNIFICANT ACCOUNTING POLICIES

Deva Financing Holdings Limited is a company domiciled in England

(a) Statement of compliance

The financial statements for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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. The financial statements comply with IFRSs.

The Company has adopted the following new and relevant IFRS pronouncements which became effective for financial years beginning on or after 1 January 2011. None of these standards or amendments has had a material impact on these company financial statements.

- Improvements to IFRSs (issued May 2010). Amends IFRS 7 Financial Instruments Disclosure to require further disclosures in respect of collateral held by the Company as security for financial assets and sets out minor amendments to other IFRS standards as part of the annual improvements process,
- IAS 24 Related Party Disclosures (Revised). Simplifies the definition of a related party and provides a partial exemption from the requirement to disclose transactions and outstanding balances with the government and government-related entities.

The financial statements also comply with the relevant provisions of Part XV of the Companies Act 2006.

The financial statements have been prepared using the going concern basis.

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

The Company meets the definition of a Special Purpose Entity under IFRSs. The issue of control has been assessed and the directors do not consider it appropriate to prepare consolidated financial statements for the Company. In accordance with the requirements of SIC 12 "Consolidation – Special Purpose Entities", the Company's financial statements are consolidated within the group financial statements of LBG for the year ended 31 December 2011.

DEVA FINANCING HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

(b) Cash and cash equivalents

A bank account is held on behalf of the Company by SFM Corporate Services Limited

A cash flow statement has not been prepared as there have been no movements in cash in either the current or prior year

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The directors of the Company consider that the entity has only one geographical and one business segment and therefore is not required to produce additional segmental disclosure.

(d) Investment in subsidiary undertaking

The investment in subsidiary undertaking is reflected in the Company balance sheet at cost net of any impairment.

2 INVESTMENT IN SUBSIDIARY UNDERTAKING

Details of the investment in subsidiary undertaking are stated below:

<u>Name of company</u>	<u>Holding</u>	<u>%</u>	<u>Nature of business</u>
Deva Financing PLC	Ordinary shares	99.9	Special Purpose Vehicle

The Company holds 49,998 £1 ordinary shares in Deva Financing PLC, quarter paid, and one £1 ordinary share fully paid. SFM Nominees Limited holds one £1 ordinary share in Deva Financing PLC on trust on behalf of the Company.

3. TRADE AND OTHER RECEIVABLES

The amount included within other receivables is £1 cash which has been paid by SFM Corporate Services Limited and is being held in a client account.

DEVA FINANCING HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

4. TRADE AND OTHER PAYABLES

The £12,501 represents cash due on the investment in the subsidiary undertaking

5. SHARE CAPITAL

	2011 £	2010 £
AUTHORISED		
100 ordinary shares of £1 each	100	100
	—	—
ALLOTTED AND PAID UP		
1 ordinary share of £1	1	1
	—	—

6. RELATED PARTY TRANSACTIONS

The Company pays a corporate services fee to SFM in connection with its provision of corporate management services. The total fees paid to SFM in respect of the Company and Deva Financing Plc amounted to £15,739 for the year ended 31 December 2011 (2010 £17,485)

7. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is SFM Corporate Services Limited which holds the beneficial interest in the one issued share of £1 in Deva Financing Holdings Limited on a discretionary trust for charitable purposes

The Company meets the definition of a special purpose entity under IFRSs. In accordance with the requirements of SIC 12 "Consolidation – Special Purpose Entities", the Company's financial statements are consolidated within the group financial statements of Lloyds Banking Group plc for the year ended 31 December 2011

The company regarded by the directors as the ultimate controlling party under IFRSs at 31 December 2011 was Lloyds Banking Group 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 financial statements are drawn up and in which the Company's financial statements are included. Bank of Scotland plc was the parent undertaking of the smallest such group of undertakings. Copies of the annual report and accounts of Lloyds Banking Group plc may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London EC2V 7HN

DEVA FINANCING HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

8. FUTURE ACCOUNTING PRONOUNCEMENTS

The following pronouncements will be relevant to the Company but are not applicable for the year ending 31 December 2011 and have not been applied in preparing these financial statements. The full impact of these accounting changes is currently being assessed by the Company.

Pronouncement	Nature of change	IASB effective date
IFRS 9 Financial Instruments ⁽¹⁾	Replaces those parts of IAS 39 Financial Instruments Recognition and Measurement relating to the classification, measurement and derecognition of financial assets and liabilities. Requires financial assets to be classified into two measurement categories, fair value and amortised cost, on the basis of the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instrument. The available-for-sale financial asset and held-to-maturity investment categories in existing IAS 39 will be eliminated. The requirements for financial liabilities and derecognition are broadly unchanged from IAS 39.	Annual periods beginning on or after 1 January 2015

DEVA HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

8. FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Pronouncement	Nature of change	IASB effective date
IFRS 10 Consolidated Financial Statements	Supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities and establishes principles for the preparation of consolidated financial statements when an entity controls one or more entities	Annual periods beginning on or after 1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	Requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows	Annual periods beginning on or after 1 January 2013
IFRS 13 Fair Value Measurement	The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. It applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements	Annual periods beginning on or after 1 January 2013

⁽¹⁾ IFRS 9 is the initial stage of the project to replace IAS 39. Future stages are expected to result in amendments to IFRS 9 to deal with changes to the impairment of financial assets measured at amortised cost and hedge accounting. Until all stages of the replacement project are complete, it is not possible to determine the overall impact on the financial statements of the replacement of IAS 39.

At the date of this report, these pronouncements are awaiting EU endorsement