

# **Halifax Financial Services (Holdings) Limited**

Annual report and financial statements  
for the year ended 31 December 2024

## **Registered office**

Trinity Road  
Halifax  
West Yorkshire  
HX1 2RG

## **Registered number**

02357558

## **Current directors**

J L Bezuidenhout  
R A Messenger

## **Company Secretary**

K J McKay

Member of Lloyds Banking Group

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## Strategic report

For the year ended 31 December 2024

The Directors present their Strategic report and audited financial statements of Halifax Financial Services (Holdings) Limited (the "Company") for the year ended 31 December 2024.

The Company is a subsidiary of Scottish Widows Financial Services Holdings and part of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group (the "Group").

### Principal activity

The Company's principal activity is that of an intermediate holding company. Its five subsidiaries are Clerical Medical Investment Fund Managers Limited, Halifax Financial Brokers Limited, Halifax Financial Services Limited, HBOS Investment Fund Managers Limited and Legacy Renewal Company Limited.

### Company performance

The result of the Company for the year ended 31 December 2024 is a Profit after taxation of £50,781,000 (2023: £50,537,000 Profit after taxation). The increase in Profit after taxation is due to increased Interest income generated from the liquidity fund. There was a receipt of a £50,000,000 dividend in both the years ended 31 December 2024 and 2023 as set out in the Statement of comprehensive income.

The total net assets of the Company at 31 December 2024 are £151,522,000 (2023: £150,741,000).

The Company has shareholders' equity of £151,522,000 (2023: £150,741,000)

### Post balance sheet events

There are no post balance sheet events that have a material impact on these financial statements.

### Key performance indicators (KPIs)

The Company's principal business during the year was the holding of investments in subsidiaries and investment in a liquidity fund.

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the IP&I Division, which the Company is part of, are presented within the Lloyds Banking Group's annual report, which does not form part of this report.

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 13 to the financial statements.

### Climate Change

As a subsidiary of Lloyds Banking Group, the Company is aligned with Lloyds Banking Group's approach to supporting the successful transition to a more sustainable, low carbon economy. Further details of this can be found in the Lloyds Banking Group Annual Report and Accounts via [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com). There is expected to be minimal impact upon the Company.

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**Strategic report (continued)**

For the year ended 31 December 2024

**Future outlook**

The Directors consider that the Company's principal activities will continue to be unchanged in the foreseeable future.

**Section 172 (1) Statement**

In accordance with the Companies Act 2006 (the "Act"), the Directors provide this Statement, which describes the ways in which they have had regard to the matters set out in Section 172(1) of the Act, when performing their duty to promote the success of the Company under Section 172.

This Statement also provides examples of how the Directors have engaged with and taken account of the interests of key stakeholders. The Company is a subsidiary of Lloyds Banking Group plc (Lloyds Banking Group) and, as such, follows many of the processes and practices of Lloyds Banking Group, which are further referred to in this Statement where relevant.

The Board is collectively responsible for the long-term success of the Company. Understanding the interests of the Company's key stakeholders (this includes shareholders, communities, and the environment), is central to achieving the Company's strategy and informs key aspects of Board decision making. Stakeholder engagement is an important part of how Lloyds Banking Group is delivering on its purpose of Helping Britain Prosper.

**How the Board has discharged its Section 172 duties**

The Directors, as part of their appointment and during their induction to the Board, are briefed on their statutory director duties and the standards required of subsidiary directors within Lloyds Banking Group.

Stakeholder engagement is embedded in the Board's delegation of authority to management for the delivery of the Company's strategy and overall day-to-day management of the Company's business within its defined risk appetite.

Further details of how the Board considers each of the specific matters set out in Section 172 are set out in pages 2 to 3 which serves as the Company's Section 172(1) Statement. Given the importance of stakeholder interests, these are discussed where relevant throughout the Report.

**Shareholders**

The Company is a wholly owned subsidiary of Lloyds Banking Group. The shareholder expects a financial return on its investment, which is delivered through dividends. The Board ensures that the strategy, priorities, processes, and practices of the Company are aligned where appropriate to those of Lloyds Banking Group, ensuring that its interests as the Company's shareholder are duly acknowledged.

Further information in respect of the relationship of Lloyds Banking Group with its shareholders is included in the Strategic Report within the Lloyds Banking Group Annual Report and Accounts for 2024, available on the Lloyds Banking Group website.

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**Strategic report (continued)**

For the year ended 31 December 2024

**Communities and the Environment**

The Scottish Widows Group, which includes the Company, is supported on environmental matters by its Investment Committee, the majority of whose members are independent non-executive directors. The Investment Committee oversees the investment management strategy (and Responsible Investment activities) of the customer funds and shareholder assets within the Scottish Widows Group, with specific consideration to the opportunities related to sustainability risks, including climate, people and societal risk. This includes monitoring the effectiveness of the investment management strategy for meeting the Scottish Widows stated Net Zero targets.

A refresh of the Scottish Widows Responsible Investment Framework was undertaken by the Investment Committee in quarter 4 of 2024. This is a principles-based framework which guides the Scottish Widows responsible investment approach from asset allocation to fund manager selection, fund research and engagement activity. This is published on the Scottish Widows website.

The Company's subsidiary HBOS Investment Fund Managers Limited is subject to the requirements of the FCA's Environmental, Social and Governance sourcebook (the sourcebook) and publishes its own entity level Task Force on Climate-Related Financial Disclosures Report which complies with the sourcebook requirements. The latest report is available on the Scottish Widows website.

Further detail on Scottish Widows responsible investment and stewardship initiatives including published reports can be found on the Scottish Widows website: <https://www.scottishwidows.co.uk>.

On behalf of the Board of Directors



R A Messenger  
Director

16 May 2025

## Directors' report

For the year ended 31 December 2024

The Directors present their annual report for the year ended 31 December 2024.

### General information

The Company is a private company limited by shares, incorporated in United Kingdom, domiciled in England and registered in England and Wales (registered number: 02357558).

### Dividends

During the year, a dividend of £50,000,000 representing £50,000,000 per share was paid (2023: £50,000,000). No final dividend is proposed in respect of the year ended 31 December 2024 (2023: £nil). See note 5.

### Directors

The names of the current Directors are listed on the front cover.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual report and financial statements:

J E Rowlands	(resigned 28 November 2024)
M B Bhutta	(resigned 28 November 2024)
J L Bezuidenhout	(appointed 28 November 2024)
R A Messenger	(appointed 28 November 2024)

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year.

### Information included in the Strategic report

The disclosures for Financial risk management objectives and policies and Future outlook that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on page 1.

### Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of any Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service.

The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year

### Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the accounts. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the annual 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 are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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.

**Directors' report (continued)**

For the year ended 31 December 2024

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 the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; 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 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor and disclosure of information to auditor**


In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved:

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

**Independent auditor**

Pursuant to section 487(2) of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and Deloitte LLP will therefore continue in office.

On behalf of the Board of Directors:



R A Messenger  
Director

16 May 2025

**Statement of comprehensive income**

For the year ended 31 December 2024

	Note	<b>2024</b> <b>£'000</b>	2023 £'000
Interest income	4	<b>1,011</b>	792
Dividends received	5	<b>50,000</b>	50,000
Other income		<b>30</b>	-
Impairment of investment in subsidiary undertakings		-	(69)
<b>Profit before tax</b>		<b>51,041</b>	50,723
Taxation	7	<b>(260)</b>	(186)
<b>Profit after tax, being total comprehensive income</b>		<b>50,781</b>	50,537

The notes set out on pages 10 to 20 are an integral part of these financial statements.

**Balance sheet**

As at 31 December 2024

	Note	2024 £'000	2023 £'000
<b>ASSETS</b>			
Cash and cash equivalents	8	17,299	16,475
Trade and other receivables		67	66
Deferred tax	10	1	1
Investment in subsidiary undertakings	9	143,691	143,691
<b>Total assets</b>		<b>161,058</b>	160,233
<b>LIABILITIES</b>			
Amounts due to group undertakings	11	9,276	9,306
Current tax liability		260	186
<b>Total liabilities</b>		<b>9,536</b>	9,492
<b>EQUITY</b>			
Share capital	12	-	-
Retained earnings		151,522	150,741
<b>Total equity</b>		<b>151,522</b>	150,741
<b>Total equity and liabilities</b>		<b>161,058</b>	160,233

The accompanying notes set out on pages 10 to 20 are an integral part of these financial statements.

The financial statements on pages 6 to 20 were approved by the Board on 16 May 2025, and signed on behalf of the Board:



R A Messenger  
Director

16 May 2025



**Statement of changes in equity**

For the year ended 31 December 2024

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>At 1 January 2023</b>	-	150,204	150,204
Profit for the year being total comprehensive income	-	50,537	50,537
Dividend paid to equity holders of the Company	-	(50,000)	(50,000)
<b>At 31 December 2023</b>	-	<b>150,741</b>	<b>150,741</b>
Profit for the year being total comprehensive income	-	50,781	50,781
Dividend paid to equity holders of the Company	-	(50,000)	(50,000)
<b>At 31 December 2024</b>	-	<b>151,522</b>	<b>151,522</b>

The notes set out on pages 10 to 20 are an integral part of these financial statements.

**Cash flow statement**

For the year ended 31 December 2024

	<b>2024</b>	2023
	<b>£'000</b>	£'000
<b>Cash flows generated from / (used in) operating activities</b>		
Profit before tax	<b>51,041</b>	50,723
Adjustments for:		
Finance income	<b>(1,011)</b>	(792)
Net increase in Trade and other receivables	<b>(1)</b>	(28)
Net decrease in Amounts due to group undertakings	<b>(30)</b>	-
Decrease in Investment in subsidiary undertakings	<b>-</b>	69
<b>Cash generated from operations</b>	<b>49,999</b>	49,972
Tax paid	<b>(186)</b>	(41)
<b>Net cash generated from operating activities</b>	<b>49,813</b>	49,931
<b>Cash flows generated from investing activities</b>		
Finance income	<b>1,011</b>	792
<b>Net cash generated from investing activities</b>	<b>1,011</b>	792
<b>Cash flows used in financing activities</b>		
Dividend paid	<b>(50,000)</b>	(50,000)
<b>Net cash used in financing activities</b>	<b>(50,000)</b>	(50,000)
<b>Change in Cash and cash equivalents</b>	<b>824</b>	723
Cash and cash equivalents at beginning of year	<b>16,475</b>	15,752
<b>Cash and cash equivalents at end of year</b>	<b>17,299</b>	16,475

The notes set out on pages 10 to 20 are an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2024

### 1. Basis of preparation

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office can be found on the front page and its principal activity is included in the directors report. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated. The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

No new IFRS pronouncements which have been adopted resulted in a material impact within these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2024 and which have not been applied in preparing these financial statements are given in note 17. No standards have been early adopted.

The Company has a net asset position at the year end. The Directors have considered this, along with the expected activities of the Company for the foreseeable future, and have reached the conclusion that the Company will be able to meet its future obligations as they fall due and the financial statements have been prepared on a going concern basis.

The Directors are also satisfied that it is the intention of LBG that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the basis that the Company and each of its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

### 2. Accounting policies

The Company's accounting policies are set out below. These accounting policies have been applied consistently.

#### 2.1 Income recognition

##### Interest income

Interest income for all interest bearing financial instruments is recognised in the Statement of comprehensive income as it accrues, within Finance income.

##### Investment income

Dividend income is recognised when the right to receive payment is established.

#### 2.2 Financial assets and liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets comprise Cash and cash equivalents and Trade and other receivables. Financial liabilities comprise Amounts due to group undertakings.

All financial assets and financial liabilities are stated at amortised cost.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

## Notes to the financial statements (continued)

For the year ended 31 December 2024

### 2. Accounting policies (continued)

#### 2.3 Investments in subsidiaries

The Company owns a number of subsidiaries as set out in note 9. These subsidiaries are held initially at cost, being the fair value of the consideration given to acquire the holding, then subsequently at cost subject to impairment. Further information on the Company's impairment policy is set out at note 2.5.

#### 2.4 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and short-term highly liquid investments with original maturities of three months or less.

Holdings in liquidity funds are measured at fair value through profit or loss, with income received recognised in investment income.

The fair value of holdings in liquidity funds is determined as the last published price applicable to the vehicle at the reporting date.

Holdings in liquidity funds are categorised as level 1 in the fair value hierarchy. These assets are valued using quoted prices in active markets for identical assets to those being valued. An active market is one in which similar arm's length transactions in the instrument occur with both sufficient frequency and volume to provide pricing information on an on-going basis.

#### 2.5 Impairment

##### Financial assets

Where relevant, an impairment charge in the statement of comprehensive income includes the change in expected credit losses for financial assets held at amortised cost and certain lease receivables. Expected credit losses are calculated by using an appropriate probability of default and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

For financial instruments that are considered to have low credit risk, the credit risk is assumed to not have increased significantly since initial recognition. Financial instruments are considered to have low credit risk when the borrower is considered to have a low risk of default from a market perspective. Typically financial instruments with an external credit rating of investment grade are considered to have low credit risk.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90 day backstop.

A loan or receivable is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the statement of comprehensive income.

## Notes to the financial statements (continued)

For the year ended 31 December 2024

### 2. Accounting policies (continued)

#### 2.5 Impairment (continued)

##### Non-financial assets

Assets that have an indefinite useful life, for example investments in subsidiaries, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is charged to the relevant line in the statement of comprehensive income in the period in which it occurs. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.6 Taxation

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the Statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint arrangements where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS 12 Income Taxes.

#### 2.7 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**2. Accounting policies (continued)****2.8 Dividends**

Dividends payable on ordinary shares are recognised in equity in the period in which they are approved. Dividends receivable are recognised in the statement of comprehensive income in the period in which they are approved.

**3. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the course of preparing these financial statements, no critical judgements or estimates have been made in the process of applying the Company's accounting policies.

**4. Interest Income**

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Interest on investment in liquidity fund	<b>1,011</b>	792

**5. Dividends received**

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Dividends received	<b>50,000</b>	50,000

The Company received a dividend of £50,000,000, representing £50,000,000 per share from subsidiary Halifax Investment Fund Managers Limited during the year (2023: £50,000,000).

**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**6. Profit before tax**

Fees payable to the Company's auditors for the audit of the financial statements of £5,848 (2023: £5,733) have been borne by a fellow group company and are not recharged to the Company.

The Company did not have any employees during the year (2023: none).

The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow Group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also Directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group. Given this, it is not possible to make an accurate apportionment of Directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

**7. Taxation**

	<b>2024</b>	2023
	<b>£'000</b>	£'000
<b>a) Analysis of charge for the year</b>		
UK corporation tax:		
- Current tax on taxable profit for the year	<b>260</b>	186

Corporation tax is calculated at a rate of 25.00% (2023: 23.50%) of the taxable profit for the year.

**b) Factors affecting the tax charge for the year**

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Profit before tax	<b>51,041</b>	50,723
Tax charge thereon at UK corporation tax rate of 25.00% (2023: 23.50%)	<b>12,760</b>	11,920
Factors affecting charge:		
Non taxable items	<b>(12,500)</b>	(11,750)
Unrealised losses not taxable	-	16
Tax charge on profit on ordinary activities	<b>260</b>	186
Effective rate	<b>0.51%</b>	0.37%

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**8. Cash and cash equivalents**

Cash and cash equivalents for the purposes of the Cash flow statement include the following:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Investment in liquidity fund	<b>17,299</b>	16,475

**9. Investment in subsidiary undertakings**

	<b>2024</b>	2023
	<b>£'000</b>	£'000
<b>Cost</b>		
<b>At 1 January and 31 December</b>	<b>143,691</b>	143,760
<b>Provision for impairment</b>		
At 1 January	<b>(64,402)</b>	(64,333)
Impairment of investment in subsidiary undertakings	-	(69)
<b>At 31 December</b>	<b>(64,402)</b>	(64,402)
<b>Carrying value of investments at 31 December</b>	<b>143,691</b>	143,691

No impairment of Investment in subsidiary undertakings was recognised during 2024 (2023: impairment in Company's investment in Clerical Medical Investment Fund Managers Limited of £69,000).

The subsidiary undertakings at 31 December 2024, listed below:

<b>Subsidiary undertakings</b>	<b>Company interest</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
Halifax Financial Services Limited	100%	England & Wales	Service company
Halifax Financial Brokers Limited	100%	England & Wales	Financial Adviser company (closed book)
HBOS Investment Fund Managers Limited	100%	England & Wales	OEIC Management company
Clerical Medical Investment Fund Managers Limited	100%	England & Wales	Service company
Legacy Renewal Company Limited	100%	Scotland	Financial Adviser company (closed book)

The registered address of all the above subsidiaries (except Legacy Renewal Company Limited) is: Trinity Road, Halifax, West Yorkshire, HX1 2RG. The registered address of Legacy Renewal Company Limited is: Bank of Scotland, The Mound, Edinburgh, EH1 1YZ.

The Company's interest in each of these entities is in the form of Ordinary share capital.



**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**10. Deferred tax asset**

The movement in the Deferred tax asset is as follows:

	<b>2024</b> <b>£'000</b>	2023 £'000
At 1 January and 31 December	1	1
Deferred tax asset comprises:	<b>2024</b> <b>£'000</b>	2023 £'000
Accelerated capital allowances	1	1

**11. Amounts due to group undertakings**

	<b>2024</b> <b>£'000</b>	2023 £'000
Amounts due to group undertakings (see note 14)	<b>9,276</b>	9,276
Renewal commission to be returned	-	30
	<b>9,276</b>	9,306

Amounts due to group undertakings are non-interest bearing, unsecured and repayable on demand, although there is no expectation that such a demand would be made.

**12. Share capital**

	<b>2024</b> <b>£'000</b>	2023 £'000
<b>Allotted, issued and fully paid</b>		
1 (2023: 1) ordinary share of £1 each	-	-

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**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**13. Financial risk management**

The Company acts as an intermediate holding company.

This note summarises the risks associated with the activities of the Company and the way in which these are managed.

The Company is exposed to a range of financial risks through its financial assets and financial liabilities.

**13.1 Market risk**

Market risk is defined as the risk that the Company's capital or earnings profile is affected by adverse market rates.

The main investments of the Company are the holdings in subsidiary companies, which are set out in note 9. Investments in liquidity funds are interest bearing, and categorised as level 1 in the fair value hierarchy. These investments are covered further below.

**13.2 Interest rate risk**

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in interest rates and the shape of the yield curve. Interest rate risk arises in respect of cash balances which are invested in a cash fund. None of the other financial assets or financial liabilities of the Company are interest-bearing.

If interest rates were to increase or decrease by 25 basis points, the impact on profit before tax would be an increase or decrease respectively of £42,000 (2023: £59,000) in respect of cash balances.

**13.3 Credit risk**

Credit risk is the risk that counterparties with whom we have contracted fail to meet their financial obligations. The Company holds investments in a liquidity fund of £17,299,000 (2023: £16,475,000), with a credit rating of A using Standard & Poor's rating or equivalent. Credit risk in respect of these balances is not considered to be significant. There were no past due or impaired financial assets as at 31 December 2024 (2023: none). No terms in respect of financial assets had been renegotiated at 31 December 2024 (2023: none).

**13.4 Capital risk**

Capital risk is defined as the risk that the Company has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across the Company.

Within the IP&I Division, capital risk is actively monitored by the IP&I Asset and Liability Committee ("IP&IALCO")

The Company's objectives when managing capital are to ensure that sufficient capital is available to safeguard the Company's ability to continue as a going concern so that it can continue to provide a return to the shareholder.

The Company's capital comprises all components of equity of £151,522,000 (2023: £150,741,000), movements in which are set out in the Statement of changes in equity.

**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**13. Financial risk management (continued)****13.5 Liquidity risk**

Liquidity risk is defined as the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due or can only secure them at excessive cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or from the inability to generate cash inflows as anticipated.

Liquidity risk is managed in line with the Insurance Liquidity Risk Policy and the wider Lloyds Banking Group Funding and Liquidity Policy.

The following table analyses the maturity of the Company's contractual cash flows for financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is obliged to pay. The table includes both interest and principal cash flows.

**As at 31 December 2024**

	On demand £'000	< 1 month £'000	1-3 months £'000	3-12 months £'000	> 1 year £'000	Total £'000
Amounts due to group undertakings	9,276	-	-	-	-	9,276
Current tax liability	-	-	260	-	-	260
	9,276	-	260	-	-	9,536

**As at 31 December 2023**

	On demand £'000	< 1 month £'000	1-3 months £'000	3-12 months £'000	> 1 year £'000	Total £'000
Amounts due to group undertakings	9,306	-	-	-	-	9,306
Current tax liability	-	-	186	-	-	186
	9,306	-	186	-	-	9,492

**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**14. Related party transactions**

The Company's immediate parent undertaking is HBOS Financial Services Limited. HBOS Financial Services Limited has taken advantage of the provisions of the Companies Act 2006 and has not produced consolidated Financial Statements.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the only group to consolidate these Financial Statements. Copies of the consolidated Annual Report and Financial Statements of Lloyds Banking Group plc may be obtained from Lloyds Banking Group's head office at 33 Old Broad Street, London, EC2N 1HZ or downloaded via [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com).

				<b>2024</b> <b>£'000</b>	2023 £'000
<b>Amounts due to group undertakings</b>					
<b>Nature of transaction</b>	<b>Related party</b>	<b>Repayment</b>	<b>Interest</b>		
Amounts due to group undertakings	Clerical Medical Investment Fund Managers Limited	N/A	N/A	<b>4,830</b>	4,830
Amounts due to group undertakings	Legacy Renewal Company Limited	N/A	N/A	<b>869</b>	869
Amounts due to group undertakings	HBOS plc	N/A	N/A	<b>294</b>	294
Amounts due to group undertakings	Halifax Financial Brokers Limited	N/A	N/A	<b>3,283</b>	3,283
Total amounts due to group undertakings (note 11)				<b>9,276</b>	9,276
<b>Dividend paid</b>					
Dividend paid	HBOS Financial Services Limited			<b>50,000</b>	50,000
<b>Dividend received</b>					
Dividend received	HBOS Investment Fund Managers Limited			<b>50,000</b>	50,000

The registered offices of related parties are noted below:

<b>Related party</b>	<b>Related party relationship</b>	<b>Registered address</b>
Lloyds Banking Group plc	Ultimate parent company	The Mound, Edinburgh, EH1 1YZ
HBOS Financial Services Limited	Immediate parent company	33 Old Broad Street, London, EC2N 1HZ
Halifax Financial Services Limited	Subsidiary	Trinity Road, Halifax, West Yorkshire, HX1 2RG
Clerical Medical Investment Fund Managers Limited	Subsidiary	Trinity Road, Halifax, West Yorkshire, HX1 2RG
Legacy Renewal Company Limited	Subsidiary	The Mound, Edinburgh, EH1 1YZ
Halifax Financial Brokers Limited	Subsidiary	Trinity Road, Halifax, West Yorkshire, HX1 2RG
HBOS plc	Fellow subsidiary undertaking	The Mound, Edinburgh, EH1 1YZ
Halifax Investment Services Limited	Subsidiary	1 More London Place, London, SE1 2AF

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**Notes to the financial statements (continued)**

For the year ended 31 December 2024

**14. Related party transactions (continued)****Key management personnel**

There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are all Directors and Insurance, Pensions and Investments Executive Committee members. There were no transactions between the Company and key management personnel during the current or preceding year.

**15. Contingent liabilities and capital commitments**

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2020, HMRC concluded its enquiry into the matter and issued a closure notice denying the group relief claim. The Group appealed to the First Tier Tax Tribunal. The hearing took place in May 2023. In January 2025, the First Tier Tribunal concluded in favour of HMRC. The Group believes it has applied the rules correctly and that the claim for group relief is correct. Having reviewed the Tribunal's conclusions and having taken appropriate advice the Group intends to appeal the decision and does not consider this to be a case where an additional tax liability will ultimately fall due. If the final determination of the matter by the judicial process is that HMRC's position is correct, management believes that this would result in an increase in the Company's current tax liabilities of approximately £20,000 (including interest). It is unlikely that any appeal hearing will be held before 2026, and final conclusion of the judicial process may not be for several years.

**16. Post balance sheet events**

There are no post balance sheet events requiring disclosure in these financial statements.

**17. Future developments**

The IAS has issued its annual improvements and a number of minor amendments to IFRS Accounting Standards effective date on or after 1 January 2025, including IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure and IAS 21 The Effects of Changes in Foreign Exchange Rates.

The full impact of these pronouncements are being assessed by the Company. However, the initial view is that they are not expected to cause any material adjustments to the reported numbers in the financial statements.

# Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Halifax Financial Services (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited (continued)

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.



# Independent auditor's report to the members of Halifax Financial Services (Holdings) Limited (continued)

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Nikola Doig CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, United Kingdom  
16 May 2025