

**ABBAY NATIONAL BUSINESS EQUIPMENT  
LEASING LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2006**

**Registered No. 1740967**

MONDAY



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# **ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED**

## **Report of the Directors**

The Directors submit their report together with the financial statements for the year ended 31 December 2006

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985

### **Principal activity and review of the year**

The principal activity of the Company was the provision of credit finance by way of instalment credit and leasing. The Directors do not expect to write any new business for the foreseeable future.

### **Results and dividends**

The profit for the year, after taxation and before dividend, amounted to £nil (2005 £13,007,537)

The Directors do not recommend the payment of a dividend (2005 £9,500,000). The Company did not receive an interim dividend from its subsidiary undertakings (2005 £12,910,236)

### **Directors and their interests**

The Directors who served throughout the year, except as noted, were

S P Coles (Alternate Director to T C Murley, resigned 9 October 2006)

D M Green (appointed 22 November 2006)

M C Jackson

T C Murley (resigned 9 October 2006)

J L Wright (Alternate Director to T C Murley, resigned 9 October 2006)

No Director of the Company has any interest in the shares of the Company, or of any other Group Companies incorporated in the United Kingdom.

### **Directors' responsibility statement**

The directors are responsible for preparing their report and financial statements. The directors have chosen to prepare accounts for the Company in accordance with International Financial Reporting Standards (IFRS). Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 1985.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

# **ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED**

## **Report of the Directors**

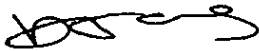
### **Auditors**

At the forthcoming Annual General Meeting of the Company it will be proposed that Deloitte & Touche LLP be re-appointed as auditors of the Company, in accordance with the resolution by Abbey National plc to appoint Deloitte & Touche LLP as auditors of Abbey National plc and its subsidiaries

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in s234ZA of the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all steps that he ought to have taken as director to make himself aware of any relevant audit information (as defined in s234ZA of the Companies Act 1985) and to establish that the company's auditors are aware of that information

### **By Order of the Board**



For and on behalf of

**Abbey National Secretariat Services Limited, Secretary**

8 January 2007

Registered Office Address Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN

# ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

## Independent Auditors' Report to the members of Abbey National Business Equipment Leasing Limited

We have audited the financial statements of Abbey National Business Equipment Leasing Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 13. 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 auditors' 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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 are 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 the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### 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.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 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.

### Separate opinion in relation to IFRSs

As explained in Note 1 to the financial statements, the company in addition to complying with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

8 January 2007

# ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

## Income Statement

For the year ended 31 December 2006

		Year ended 31 December 2006	Year ended 31 December 2005
Discontinued Operations	Notes	£	£
Revenue		-	-
Other operating income		-	-
Administrative expenses		-	-
Profit from operations	2	-	-
Investment income	3	-	12,910,236
Profit before tax		-	12,910,236
Tax	4	-	97,301
Profit for the year from operations		-	13,007,537
Net profit attributable to equity holders of the company		-	13,007,537

## Statement of Changes in Equity

For the year ended 31 December 2006

	Share capital £	Retained earnings £	Total £
At 1 January 2005	100	(3,359,261)	(3,359,161)
Dividends paid	-	(9,500,000)	(9,500,000)
Profit for the year	-	13,007,537	13,007,537
<b>At 31 December 2005 and 1 January 2006</b>	<b>100</b>	<b>148,276</b>	<b>148,376</b>
Dividends paid	-	-	-
Profit for the year	-	-	-
<b>At 31 December 2006</b>	<b>100</b>	<b>148,276</b>	<b>148,376</b>

# ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

## Balance Sheet

As at 31 December 2006

	Notes	2006 £	2005 £
<b>Non-current assets</b>			
Interests in subsidiary undertakings	5	404	404
<b>Current assets</b>			
Trade and other receivables	6	19,580,029	7,464,753
<b>Total assets</b>		19,580,433	7,465,157
<b>Current liabilities</b>			
Trade and other payables	7	19,432,057	7,316,781
<b>Net current assets</b>		147,972	147,972
<b>Net assets</b>		148,376	148,376
<b>Equity</b>			
Share capital	8	100	100
Retained earnings	9	148,276	148,276
<b>Equity attributable to equity holders of the company</b>		148,376	148,376

The financial statements were approved by the board of directors and authorised for issue on 8 January 2007. They were signed on its behalf by *Mark Jackson*

Director

*Mark Jackson*

# **ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED**

## **Cash Flow Statement**

For the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Net cash from operating activities	11	-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

# **ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED**

## **Notes to the financial statements for the year ended 31 December 2006**

### **1 Accounting Policies**

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the company's reporting date. The company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention.

The company has adopted the following new or revised IFRS:

- a) The amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts" relating to Financial Guarantee Contracts
- b) The company has decided to early adopt IFRS 7 "Financial Instruments: Disclosure" and the related amendments to IAS 1 "Presentation of Financial Statements"

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **Income taxes, including deferred income taxes**

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term investments in securities.

#### **Financial Instruments**

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

#### **Trade and other receivables**

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### **Trade and other payables**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Dividends**

Dividends on ordinary shares are recognised in equity in the period in which they are declared.



# **ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED**

## **Notes to the financial statements for the year ended 31 December 2006**

### **2 Profit from operations**

Fees payable to the company's auditors for the audit of the company's annual accounts for the current year are £3,000 (2005 £3,000) and have been borne by the Company's immediate parent undertaking Abbey National plc, for which no recharge has been made in the current or prior year

Directors' emoluments are borne by the immediate UK parent company, Abbey National plc. No emoluments were paid by the Company to Directors during the year (2005 £nil)

The Company had no employees in the current year or previous financial year

### **3 Investment income**

	2006 £	2005 £
Dividend income	-	12,910,236

### **4 Tax**

	2006 £	2005 £
Current tax		
UK corporation tax on profit of the year	-	-
Adjustments in respect of prior years	-	(97,301)
Total current tax	-	(97,301)
Deferred tax		
Current year	-	-
Adjustments in respect of prior years	-	-
Total deferred tax	-	-
Tax credit on profit for the year	-	(97,301)

Corporation tax is calculated at 30% (2005 30%) of the assessable profit for the year

The credit for the year can be reconciled to the profit per the income statement as follows

	2006 £	2005 £
Profit before tax	-	12,910,236
Tax at the UK corporation tax rate of 30% (2005 30%)	-	(3,873,071)
Tax effect of non taxable income	-	3,873,071
Adjustments in respect of prior years	-	97,301
<b>Tax income for the year</b>	<b>-</b>	<b>97,301</b>

# **ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED**

## **Notes to the financial statements for the year ended 31 December 2006**

### **5 Interests in subsidiary undertakings**

The following is a list of the subsidiary undertakings of the Company

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of voting interest %	Proportion of voting power held %	Method used to account for investment
Abbey National Business Office Equipment Leasing Limited	England & Wales	100	100	Cost
Abbey National Business Sales Aid Leasing Limited	England & Wales	100	100	Cost
Abbey National Business Vendor Plan Leasing Limited	England & Wales	100	100	Cost
Abbey National Business Asset Leasing Limited	England & Wales	100	100	Cost
Vendcare Finance Limited	England & Wales	100	100	Cost
DF 123 Limited	England & Wales	100	100	Cost

All of the above subsidiary companies provided credit finance by way of finance leases, with the exception of Vendcare Finance Limited and DF 123 Limited which provided leasing agency services. All of the above subsidiaries are registered in England and Wales.

On 31 October 2005 the Company sold its subsidiary undertaking Leasing Equipment Limited to Abbey National plc for £100.

### **6. Trade and other receivables**

	2006 £	2005 £
Amounts due from group companies	19,580,029	7,464,753

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

### **7 Trade and other payables**

	2006 £	2005 £
Amounts due to group companies	19,432,057	7,316,781

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

### **8 Share capital**

	2006 £	2005 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Issued and fully paid</b>		
100 ordinary shares of £1 each	100	100

### **9. Retained earnings**

	£
Balance at 1 January 2005	(3,359,261)
Dividends paid	(9,500,000)
Net profit for the year	13,007,537
<b>Balance at 31 December 2005 and 1 January 2006</b>	<b>148,276</b>
Dividends paid	-
Net profit for the year	-
<b>Balance at 31 December 2006</b>	<b>148,276</b>

# ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

## Notes to the financial statements for the year ended 31 December 2006

### 10 Dividends

	2006 £	2005 £
<b>Amounts recognised as distributions to equity holders in the year</b>		
Interim dividend for the year ended 31 December 2006 of £nil (2005: £95,000) per share	-	9,500,000

The interim dividend was paid via the decrease in an inter-company account with Abbey National plc

### 11 Notes to the cash flow statement

	2006 £	2005 £
Profit from operations	-	13,007,537
Operating cash flows before movements in working capital	-	13,007,537
(Increase) / decrease in receivables	(12,115,276)	304,995,433
Increase / (decrease) in payables	12,115,276	(318,002,970)
Cash generated by operations	-	-
<b>Net cash flow from operating activities</b>	-	-

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

### 12 Related party transactions

The following were the balances with related parties as at 31 December 2006 and 31 December 2005

	<b>Amounts due from related parties</b>		<b>Amounts due to related parties</b>	
	2006 £	2005 £	2006 £	2005 £
<b>Parent</b>				
Abbey National plc	19,580,029	7,464,753	14,081,329	-
<b>Subsidiaries</b>				
Abbey National Business Office Equipment Leasing Limited	-	-	4,514,575	2,005,666
Abbey National Sales Aid Leasing Limited	-	-	498,166	500,422
Abbey National Business Vendor Plan Leasing Limited	-	-	111,058	3,349
Abbey National Business Asset Leasing Limited	-	-	203,170	202,119
Vendcare Finance Limited	-	-	20,901	20,901
DF 123 Limited	-	-	2,858	2,858
<b>Other related parties</b>				
LOL Limited	-	-	-	4,581,328
Leasing Equipment Limited	-	-	-	138

The Company borrowed amounts from its UK parent undertaking Abbey National plc and loans it to its subsidiary undertakings

There were no related party transactions during the year, or balances existing at the balance sheet date, with the Company's or parent company's key management personnel

### 13 Parent undertaking and controlling party

The Company's immediate parent company is Abbey National plc

The Company's ultimate parent undertaking and controlling party is Banco Santander Central Hispano S A, a company incorporated in Spain. Banco Santander Central Hispano, S A is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Abbey National plc is the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the Company is a member.

Copies of all sets of group accounts, which include the results of the Company, are available from Abbey Secretariat, Abbey National House, 2 Triton Square, Regents Place, London, NW1 3AN