

**ABBAY NATIONAL BUSINESS EQUIPMENT
LEASING LIMITED**

Registered No. 1740967

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2008**

TUESDAY



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ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Report of the Directors

The Directors submit their report together with the financial statements of Abbey National Business Equipment Leasing Limited ("the company") for the year ended 31 December 2008.

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

Principal activity and review of the year

The principal activity of the Company was that of an intermediate holding company and the provision of credit finance by way of instalment credit and leasing. The Directors are reviewing future opportunities for the continuation of the company.

During the year the Company disposed of its investments in Vendcare Finance Limited and DF 123 Limited.

Results and dividends

The profit for the year on ordinary activities after taxation, amounted to £809,466 (2007: £23,754).

The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served throughout the year, were:

D M Green
M C Jackson

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 have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

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 IFRSs. However, 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 IFRSs are 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
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Third Party Indemnities

Since 2005, Abbey National plc has issued enhanced indemnities (initially under the Companies (Audit, Investigations and Community Enterprise) Act 2004 and currently under the Companies Act 2006) to the Directors of the Company against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnities remain in force as at the date of this Annual Report & Accounts. A copy of each of the indemnities is kept at the registered office address of Abbey National plc.

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

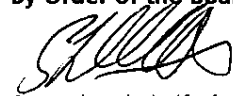
Auditors

Each of the persons who are a director at the date of approval of this annual report confirms that:

- so far as each of the directors are 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 they ought to have taken as director to make themselves 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.

In accordance with sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditors of the Company

By Order of the Board



For and on behalf of
Abbey National Nominees Limited, Secretary

9 January 2009

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

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 2008 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 14. 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 which form part of the Report of the Directors.

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We 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 2008 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 Report of the Directors 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 2008 and of its profit for the year then ended.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
9 January 2009

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Income Statement

For the year ended 31 December 2008

		Year ended 31 December 2008	Year ended 31 December 2007
	Notes	£	£
Discontinued Operations			
Revenue		-	-
Other operating income		-	-
Administrative expenses		-	-
Profit from operations	2	-	-
Investment income	3	809,466	23,754
Profit before tax		809,466	23,754
Tax	4	-	-
Profit for the year from operations		809,466	23,754
Net profit attributable to equity holders of the company		809,466	23,754

The accompanying notes form an integral part of the accounts.

Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital £	Retained earnings £	Total £
At 1 January 2007	100	148,276	148,376
Dividends paid	-	-	-
Profit for the year	-	23,754	23,754
At 31 December 2007 and 1 January 2008	100	172,030	172,130
Dividends paid	-	-	-
Profit for the year	-	809,466	809,466
At 31 December 2008	100	981,496	981,596

The accompanying notes form an integral part of the accounts.

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Balance Sheet

As at 31 December 2008

	Notes	2008 £	2007 £
Non-current assets			
Interests in subsidiary undertakings	5	400	404
Current assets			
Trade and other receivables	6	19,577,764	19,577,421
Total assets		19,578,164	19,577,825
Current liabilities			
Trade and other payables	7	18,596,568	19,405,695
Net current assets		981,196	171,726
Net assets		981,596	172,130
Equity			
Share capital	8	100	100
Retained earnings	9	981,496	172,030
Equity attributable to equity holders of the company		981,596	172,130

The accompanying notes form an integral part of the accounts.

The financial statements were approved by the board of directors and authorised for issue on 9 January 2009. They were signed on its behalf by:

Director

M C JACKSON

M. C. Jackson

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Cash Flow Statement

For the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Net cash used in operating activities	10	(809,470)	(23,754)
Investing activities			
Divestment of subsidiaries		4	
Dividends received		809,466	23,754
Net cash from investing activities		809,470	23,754
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The accompanying notes form an integral part of the accounts.

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Notes to the financial statements for the year ended 31 December 2008

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 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.

Investments

Investments are measured at initial recognition at fair value, and are subsequently measured at cost less impairment. 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 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.

Impairment of financial assets

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Notes to the financial statements for the year ended 31 December 2008

Impairment of financial assets

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty.

2. Profit from operations

The audit fee of £3,000 for 2008 (2007: £3,000) has been paid on the Company's behalf by its ultimate UK parent Company, Abbey National plc, for which no recharge has been made.

No Directors were remunerated for their services to the Company. 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 (2007: £nil).

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

3. Investment income

	2008 £	2007 £
Dividend income	809,466	23,754

4. Tax

	2008 £	2007 £
Current tax:		
UK corporation tax on profit of the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax:		
Current year	-	-
Adjustments in respect of prior years	-	-
Total deferred tax	-	-
Tax credit on profit for the year	-	-

Corporation tax is calculated at 28.5% (2007: 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:

	2008 £	2007 £
Profit before tax	809,466	23,754
Tax at the UK corporation tax rate of 28.5% (2007: 30%)	230,698	7,126
Tax effect of non taxable income	(230,698)	(7,126)
Adjustments in respect of prior years	-	-
Tax income for the year	-	-

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Notes to the financial statements for the year ended 31 December 2008

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	Carrying value at 2008 £	Carrying value at 2007 £
Abbey National Business Office Equipment Leasing Limited	England & Wales	100	100	Cost	100	10
Abbey National Business Sales Aid Leasing Limited	England & Wales	100	100	Cost	100	10
Abbey National Business Vendor Plan Leasing Limited	England & Wales	100	100	Cost	100	10
Abbey National Business Asset Leasing Limited	England & Wales	100	100	Cost	100	10
Vendcare Finance Limited	England & Wales	100	100	Cost		
DF 123 Limited	England & Wales	100	100	Cost		
					400	40

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.

6. Trade and other receivables

	2008 £	2007 £
Amounts due from group companies	19,577,764	19,577,421

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

7. Trade and other payables

	2008 £	2007 £
Amounts due to group companies	18,596,568	19,405,695

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

8. Share capital

	2008 £	2007 £
Authorised:		
100 ordinary shares	100	100
Issued and fully paid:		
100 ordinary shares	100	100

9. Retained earnings

	£
Balance at 1 January 2007	148,276
Dividends paid	-
Net profit for the year	23,754
Balance at 31 December 2007 and 1 January 2008	172,030
Dividends paid	-
Net profit for the year	809,466
Balance at 31 December 2008	981,496

ABBAY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Notes to the financial statements for the year ended 31 December 2008

10. Notes to the cash flow statement

	2008 £	2007 £
Profit from operations	-	-
Operating cash flows before movements in working capital	-	-
(Increase) / decrease in receivables	(343)	2,608
Increase / (decrease) in payables	(809,127)	(26,362)
Cash generated by investments	(809,470)	(23,754)
Net cash flow from investment activities	(809,470)	(23,754)

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.

11. Financial Risk Management

The Company's risk management focuses on the major areas of credit risk and liquidity risk. Risk management is carried out by the central risk management function of the Abbey Group. Authority flows from the Abbey National plc Board to the Chief Executive Officer and from him to his direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight.

(a) Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets held by the Company.

Maximum exposure to credit risk without taking into account collateral or credit enhancements can be found in note 12 to the accounts.

(b) Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

Maturities of financial liabilities

At 31 December 2008	Demand £	Up to 3 months £	3-12 months £	1-5 years £	Over 5 years £	Total
Intercompany liabilities	18,596,568					18,596,568
Total financial liabilities	18,596,568					18,596,568

At 31 December 2007	Demand £	Up to 3 months £	3-12 months £	1-5 years £	Over 5 years £	Total
Intercompany liabilities	19,405,695	-	-	-	-	19,405,695
Total financial liabilities	19,405,695	-	-	-	-	19,405,695

ABBEY NATIONAL BUSINESS EQUIPMENT LEASING LIMITED

Notes to the financial statements for the year ended 31 December 2008

12. Related party transactions

The following were the balances with related parties as at 31 December 2008 and 31 December 2007.

	Amounts due from related parties		Amounts due to related parties	
	2008	2007	2008	2007
	£	£	£	£
Parent				
Abbey National plc	19,577,764	19,577,421	14,081,327	14,081,329
Subsidiaries				
Abbey National Business Office Equipment Leasing Limited	-	-	4,514,941	4,514,596
Abbey National Sales Aid Leasing Limited	-	-	100	498,166
Abbey National Business Vendor Plan Leasing Limited	-	-	100	108,745
Abbey National Business Asset Leasing Limited	-	-	100	202,855
Vendcare Finance Limited	-	-	-	2
DF 123 Limited	-	-	-	2

The Company borrowed amounts from its UK parent undertaking Abbey National plc and made loans to its subsidiary undertakings. The nature of related party transactions impacting amounts due to subsidiaries was group relief settlements.

During the year the Company sold its shares in Vendcare Finance Limited and DF 123 Limited to its ultimate parent Banco Santander S.A.

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, S.A. a company incorporated in Spain. Banco Santander, 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.

14. Capital management and resources

The Company's ultimate UK parent, Abbey National plc ("Abbey"), adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Abbey group. Disclosures relating to the group's capital management can be found in the Abbey Annual Report and Accounts.