

# **ABBEY NATIONAL (HOLDINGS) LIMITED**

**Registered in England and Wales  
No. 2062401**

## **ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2011**

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**ABBEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER 2062401**

**REPORT OF THE DIRECTORS**

The Directors submit their report together with the financial statements for the year ended 31 December 2011

This Directors' report has been prepared in accordance with the special provisions relating to small companies under Sections 415(A)(1) & (2) of the Companies Act 2006

**Principal activity and review of the year**

The principal activity of Abbey National (Holdings) Limited (the "Company") is to act as an investment company

The Directors do not expect any significant change in the level of business in the foreseeable future

**Results and dividends**

There was no profit or loss for the year ended 31 December 2011 (2010 £nil) and therefore the Directors do not recommend the payment of a final dividend (2010 £nil)

**Directors**

The Directors who served throughout the year and to the date of this report were as follows

Shaun P Coles  
David M Green  
Mark C Jackson

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the report and the financial statements in accordance with applicable laws 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. Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- 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 adequate accounting records which are sufficient to show and explain the Company's transactions and which 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

**ABBEEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER. 2062401**

**REPORT OF THE DIRECTORS (continued)**

**Statement of Going Concern**

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 8 and 3 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to liquidity risk.

The Company is part of the Santander UK Group. The Company has net current liabilities and is reliant on other companies in the Santander UK Group for a significant proportion of its funding. The Company is reliant on group funding as it does not generate positive cash flow on its own. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Board of Santander UK plc has confirmed that it is a going concern, and that it will provide funding to the Company for the foreseeable future.

The Directors, having assessed the responses of the directors of the Company's parent Santander UK plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Santander UK group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Santander UK plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

**Third party indemnities**

Enhanced indemnities are provided to the Directors of the Company by Santander UK plc against liabilities and associated costs which they could incur in the course of their duties to the Company. All of the indemnities remain in force as at the date of this Report and Accounts. A copy of each of the indemnities is kept at the registered office address of Santander UK plc.

**Auditors**

Each of the Directors as at the date of approval of this report has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

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

15 March 2012

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY NATIONAL (HOLDINGS) LIMITED**

We have audited the financial statements of Abbey National (Holdings) Limited (the "Company") for the year ended 31 December 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement, the Balance Sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

### **Respective responsibilities of Directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

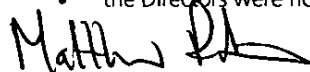
### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Report of Directors.



Matthew Perkins (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
15 March 2012

**ABBEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER 2062401**

**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**Income Statement**

For the year ended 31 December 2011

There were no transactions during the current or preceding financial year and hence no profit or loss for the year (2010 £nil)

**Statement of Comprehensive Income**

For the year ended 31 December 2011

The Company has no comprehensive income or expenses other than the result for the current and prior year as set out in the Income Statement

**Statement of Changes in Equity**

For the year ended 31 December 2011

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2010	15,925,532	2,909,656	18,835,188
Comprehensive income – profit for the year	-	-	-
Balance at 31 December 2010	15,925,532	2,909,656	18,835,188
<b>Balance at 1 January 2011</b>	15,925,532	2,909,656	18,835,188
Comprehensive income – profit for the year	-	-	-
<b>Balance at 31 December 2011</b>	15,925,532	2,909,656	18,835,188

**Cash Flow Statement**

For the year ended 31 December 2011

There were no cash flows during the current or prior year

**ABBAY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER: 2062401**

**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**Balance Sheet**  
**At 31 December 2011**

	Notes	2011 £	2010 £
<b>Non-current assets</b>			
Investment at cost	4	61 808,511	61,808,511
<b>Total assets</b>		<b>61,808,511</b>	<b>61 808,511</b>
<b>Current liabilities</b>			
Payables	5	42,973,323	42,973,323
<b>Total liabilities</b>		<b>42,973,323</b>	<b>42,973 323</b>
<b>Net assets</b>		<b>18,835,188</b>	<b>18,835,188</b>
<b>Equity</b>			
Share capital	6	15,925,532	15,925,532
Retained earnings		2,909,656	2,909,656
<b>Equity attributable to equity holders of the Company</b>		<b>18,835,188</b>	<b>18 835,188</b>

The accompanying notes form an integral part of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2012 They were signed on its behalf by *M. Jackson*

*M. L. Jackson*

Director

**ABBEEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER. 2062401**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the 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 IFRS 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 and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors.

**Recent accounting developments**

In 2011, the Company adopted the following significant new or revised standards or amendments to standards:

- a) IAS 24 "Related Party Disclosures"- In November 2009, the IASB issued amendments to IAS 24 which clarified the definition of a related party, introduced a partial exemption from some disclosure requirements for government-related entities and included an explicit requirement to disclose commitments involving related parties. IAS 24 (2009) was adopted with effect from 1 January 2011. Retrospective application is required. The adoption of IAS 24 (2009) did not affect the Company's disclosures.
- b) There are a number of other changes to IFRS that were effective from 1 January 2011. Those changes did not have a significant impact on the Company's financial statements.

**Future accounting developments**

The Company has not yet adopted the following significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective for the Company:

- (a) IAS 1 'Presentation of Financial Statements' – In June 2011, the IASB issued amendments to IAS 1 that retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss, and (ii) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012.

The Company anticipates that IAS 1 (2011) will be adopted in the Company's financial statements for the annual period beginning on 1 January 2013 and that the application of the new Standard will modify the presentation of items of other comprehensive income accordingly. Retrospective application is required. The Company does not anticipate that these amendments to IAS 1 will have a significant impact on the Company's disclosures.

- (b) There are a number of other standards which have been issued or amended that are expected to be effective in future periods. However, it is not practicable to provide a reasonable estimate of their effects on the Company's financial statements until a detailed review has been completed.

**Investment**

The Company recognises investment at cost less impairment.

**Impairment of investment**

The impairment of the investment is assessed by management annually and is based on the assessment of the recoverable amount of the investment. The recoverable amount of the investment would normally be based on the present value of the entity's estimated cash flows.

Impairment losses are recognised in profit and loss and the carrying amount of the investment is reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can

**ABBNEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER. 2062401**

be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**1 Accounting policies (continued)**

**Financial liabilities**

The Company classifies its financial liabilities, including intercompany financial liabilities, as deposits and payables which are held at amortised cost unless designated as held at fair value through profit and loss. The carrying value of financial liabilities is a fair approximation of their fair values.

Financial liabilities are initially recognised at fair value net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method.

**Share capital**

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

**Dividends**

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

**2 Profit from operations**

No Directors were remunerated for their services to the Company. Directors' emoluments are borne by the ultimate UK parent company, Santander UK plc. No emoluments were paid by the Company to the Directors during the year (2010: £nil).

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

The statutory audit fee for the current and prior year has been paid on the Company's behalf by the ultimate UK parent company, Santander UK plc, in accordance with company policy, for which no recharge has been made. The statutory audit fee for the current year is £5,100 (2010: £2,300).

**3 Financial risk management**

The Company's risk management focuses on the major area of liquidity risk. Risk management is carried out by the central risk management function of the Santander UK Group. Authority flows from the Santander UK Board to the Chief Executive Officer and from her to her direct reports. Delegation of authority is to individuals. Formal standing committees are maintained for effective management of oversight.

**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 can be found in note 5 to the financial statements.



**ABBNEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER 2062401**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**4 Investment at cost**

	£
<b>Cost</b>	
Balance at 1 January 2011	61,808,511
Additions	-
Disposals	-
<b>Balance at 31 December 2011</b>	<b>61,808,511</b>

The following is a list of the undertaking of the Company

Name of undertaking	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment
Abbey National Treasury Services Overseas Holdings	England and Wales	9.045%	9.045%	Cost less provision for impairment

Investment is shown at cost less provision for impairment

**5 Payables**

	2011 £	2010 £
Amounts due to group companies	42,973,323	42,973,323

The Directors consider that the carrying amount of payables approximates to their fair value. The amounts are non-interest bearing and repayable on demand.

**6 Share capital**

	2011 £	2010 £
<b>Issued and fully paid</b>		
15,925,532 ordinary shares of £1 each	15,925,532	15,925,532

**7 Related party transactions**

**Trading transactions**

There were no trading transactions with related parties during the year (2010: none).

Related party transactions at balance date are as follows:

	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Immediate UK parent	-	-	-	-	-	-	(42,973,323)	(42,973,323)

No Director or management personnel received any remuneration (2010: £nil).

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

**ABBHEY NATIONAL (HOLDINGS) LIMITED**  
**COMPANY NUMBER 2062401**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**8 Capital management and resources**

The Company's ultimate UK parent, Santander UK plc, adopts a centralised capital management approach, based on an assessment of both regulatory requirements and the economic capital impacts of businesses in the Santander UK Group. The Company has no non-centralised process for managing its own capital. Disclosures relating to the Santander UK Group's capital management can be found in the Santander UK Annual Report and Accounts.

Capital held by the Company and managed centrally as part of the Santander UK Group, comprises share capital and reserves which can be found in the Balance Sheet on page 5.

**9 Parent undertaking and controlling party**

The Company's immediate parent company is Abbey National Treasury Services plc, a company registered in England and Wales.

The Company's ultimate parent undertaking and controlling party is Banco Santander S.A., a company registered 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 Treasury Services 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 Secretariat, Santander UK plc, 2 Triton Square, Regent's Place, London, NW1 3AN.