

ABBEY NATIONAL CAHOOT LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003

Registered No. 3932752



ABBEEY NATIONAL CAHOOT LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report together with the accounts for the year ended 31 December 2003.

1. Principal activity and review of the year

The Company has not traded during the year. No significant accounting transactions as required to be entered in the Company's accounting records by Section 221 of the Companies Act 1985 have occurred during the period under review and therefore the Company is considered to be dormant.

2. Results and Dividends

There was no profit or loss for the period ended 31 December 2003 (2002 - nil) and therefore the Directors do not recommend the payment of a dividend (2002 - nil).

3. Directors and their interests

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

Mr I R Christie	(Resigned 30 June 2003)
Mr M J Millington	(Resigned 30 September 2003)
Mr T C Murley	
Mrs C H Ramsay	(Appointed 30 June 2003)

None of the Directors had any interests in the shares of the Company at the year end. The Directors' interests in the shares of the ultimate holding company, Abbey National plc, were as follows:

Ordinary Shares of 10 pence each

	As at 1 January 2003 or date of appointment if later	As at 31 December 2003
Mr T C Murley	20,214	20,504
Mrs C H Ramsay	1,343	1,343

Options Schemes - Ordinary Shares of 10 pence each

	As at 1 January 2003 or date of appointment if later	Options granted during the year or since appointment if later	Options exercised during the year or since appointment if later	As at 31 December 2003
Mr T C Murley	90,333	72,391	2,255	160,469
Mrs C H Ramsay	9,550	-	-	9,550

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Options granted to Directors under the Abbey National Sharesave Scheme are exercisable at prices between 428 pence and 997 pence per share within six months of the third, fifth or seventh anniversary of the contract start date. Options granted under the Executive Share Option Scheme and Employee Share Option Schemes are exercisable at prices between 314 pence and 1306 pence per share after three years or five years and before ten years from the date of grant.

Shares in respect of Executive Share Options granted in 2003 are held by the Abbey National ESOP Trust (the "Trust"). Whilst the Directors' interests in these shares (if any) are included above, each of the Directors of the Company is a potential beneficiary of the Trust and is therefore deemed to have an interest in the shares held by the Trust. At 31 December 2003 the Trust held 7,694,620 ordinary shares (2002 – 8,639,158 shares).

Abbey National also operates a Share Matching Scheme and a Partnership Share Scheme under its Employee Share Option Scheme.

Under the Share Matching Scheme all eligible employees who are invited to participate can choose to use all or part of their annual bonus to buy shares under the Scheme. Abbey National grants matching awards over shares ("matching shares") equal in value to the amount of the bonus before tax that the employee uses to buy the shares. These will normally vest on the third anniversary of the date on which they are granted, as long as specified performance conditions are met. The shares automatically transfer to the individual as and when they vest.

The Partnership Share Scheme available to all eligible employees, including the directors named above which was terminated on 31 May 2003. Under this scheme, participants made 12 monthly contributions up to a maximum of £1,500.00 per annum, to acquire shares in Abbey National Plc. These shares were purchased at their market value on 3 June 2003. The number of shares which may be acquired under this scheme, calculated on the basis of the maximum contribution and the share price on 3 June 2003 (519.5p) 288 shares.

Shares awarded under the Abbey National Long Term Incentive Plan (the "Plan") are held by the Abbey National Employee Trust (the "Employee Trust"). Whilst the Plan is currently restricted to members of the Abbey National plc Executive Committee, each of the Directors of the Company is a potential beneficiary of the Employee Trust and is therefore deemed to have an interest in the shares held by the Employee Trust. At 31 December 2003, the Employee Trust held 1,580,736 ordinary shares (2002 – 1,559,738 shares).

In 2003, the ANTS Deferred Bonus Scheme came into effect for bonuses in respect of the financial year ending 31 December 2002. Under this scheme, the first £50,000 of the bonus was paid in cash immediately. For bonuses between £50,001 and £250,000, 75% was paid in cash immediately whilst 25% was deferred. Any excess over £250,000 was treated such that 50% was paid in cash immediately whilst 50% was deferred. Of the deferred element, the individual could choose between cash or shares. If the individual opted for the deferred bonus to be held in cash, it will be retained in an account earning interest at base rate. At the end of the deferral period, the original deferred amount plus interest will be paid out. Alternatively, if the individual opted for the deferred bonus to be held in shares, an Award Certificate specifying the number of free shares the employee can receive under the scheme was created. Deferred shares were allocated on 20 March 2003 and are reflected where applicable in the ordinary share interests above.

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4. Auditors

The annual accounts have not been audited because the Company is entitled to the exemption provided by Section 249AA of the Companies Act 1985 relating to dormant companies and no notice under Section 249B(2) has been deposited at the Company's registered office requiring the Company to obtain an audit of the accounts.

By order of the Board



Secretary or
For and behalf of
Abbey National Secretariat Services Limited

28th May 2004

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

ABBEY NATIONAL CAHOOT LIMITED

Balance Sheet

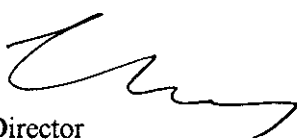
As at 31 December 2003

	Notes	2003 £	2002 £
CURRENT ASSETS			
Debtors	3	<u>1</u>	<u>1</u>
TOTAL ASSETS		<u><u>1</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	<u>1</u>	<u>1</u>
Profit and loss account			
EQUITY SHAREHOLDERS' FUNDS		<u><u>1</u></u>	<u><u>1</u></u>

The Company is entitled to exemption under Section 249AA(1) of the Companies Act 1985 ("the Act") in respect of its accounts for the year ended 31 December 2002. No member has required the Company to obtain an audit of its accounts for the year in question in accordance with Section 249B(2) of the Act. The Directors acknowledge their responsibility for; (i) ensuring that the Company keeps accounting records which comply with Section 221 of the Act; and (ii) for preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year and of its profit or loss for the financial year in accordance with Section 226 of the Act and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the Company

The financial statements on pages 4 to 6 were approved by the Board of Directors on 28th May 2004.

Signed on behalf of the Board of Directors



Director

ABBEY NATIONAL CAHOOT LIMITED

Notes to the Financial Statements for the year ended 31 December 2003

1. Accounting Policies

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

- (1) The Company is a wholly owned subsidiary of Abbey National plc, a Company registered in England and Wales. Accordingly the Company is not required to produce a cash flow statement as prescribed in paragraph 5 (a) of Financial Reporting Standard No.1 (revised 1996), Cash Flow Statements.

2. Profit on Ordinary Activities before Taxation

Directors' emoluments and auditors' remuneration are borne by the Parent Company, Abbey National plc. No emoluments were paid to Directors by the Company during the year and it is not practical for the Parent Company to apportion Directors' emoluments.

The Company has no employees. No management fee for administration services is charged by the Parent Company.

3. Debtors

	2003	2002
	£	£
Amounts due from Group Companies	<u>1</u>	<u>1</u>

4. Called up Share Capital

	2003	2002
	£	£
Authorised: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

5. Capital Commitments and Contingent Liabilities

There were no outstanding capital commitments or contingent liabilities at 31st December 2003 (2002: nil).

6. Related Party Disclosures

There were no related party transactions during the period, or existing at the balance sheet date, with Directors of the Company.

The Company has taken advantage of the exemption covered by paragraph 3 (c) of FRS8 'Related Party Disclosures' not to disclose transactions with entities that are part of the Abbey National Group.

Notes to the Financial Statements for the year ended 31 December 2003 (continued)

7. Ultimate Parent Company

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Abbey National plc, the Company's immediate and ultimate parent and controlling party. Abbey National plc is incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Abbey National plc may be obtained from Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN.