

LANGTON SECURITIES (2008-2) PLC

**Registered in England and Wales
Company Number 06501924**

ANNUAL REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2010**

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LANGTON SECURITIES (2008-2) PLC - 06501924

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Registered Office

35 Great St Helen's, London, EC3A 6AP

LANGTON SECURITIES (2008-2) PLC - 06501924

Directors' Report

The Directors submit their report together with the financial statements for the year ended 31 December 2010

Principal activity and review of the year

Langton Securities (2008-2) plc (the "Company") was established as a special purpose company for the purposes of issuing debt securities (residential mortgage backed notes) ("Notes") to Santander UK plc and lending the proceeds thereof to a group company Langton Funding (No 1) Limited on a limited recourse basis. In turn Langton Funding (No 1) Limited in turn purchased a beneficial interest in a mortgage loan portfolio held by Langton Mortgages Trustee Limited.

Payments of interest and principal on the Notes are made only to the extent that the Company has received sufficient funds from Langton Funding (No 1) Limited. Under the documents governing the transaction, Santander UK plc and its subsidiaries are not obliged to support any losses that may be suffered by holders of the Notes.

The company generated net interest income of £0.2m (2009: £0.2m).

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

The Santander UK plc group (the "Group") manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the divisions of Santander UK plc, which include the Company, are discussed in the Group's Annual Report which does not form part of this Report.

The purpose of this Report is to provide information to the members of the Company and as such it is only addressed to those members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year. Nothing in this Report should be construed as a profit forecast.

Results and dividends

The profit before tax for the year ended 31 December 2010 was £2k which, after tax, resulted in a profit of £2k (2009: £5k and £4k respectively).

The Directors do not recommend the payment of a dividend (2009: £nil).

Directors and Directors' interests

The Directors who served through out the year and to the date of this report were as follows:

I J Hares

SFM Directors Limited

SFM Directors (No 2) Limited

None of the directors hold, or have ever held, any beneficial interests in the shares of the Company. No director had a material interest in any contract of significance with the Company at any time during the year under review or subsequently.

Secretary

The secretary who served during the year and as at the date of this report was Richard Hawker.

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Directors' Responsibilities Statement

The Directors are responsible for preparing the report and the financial statements in accordance with applicable laws and regulations

Company law (the "Companies Act 2006") 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 2006.

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. 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 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.

Financial Instruments

The Company's financial instruments, other than derivatives, comprise loans to group undertakings, borrowings, cash and liquid resources, and various items, such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

All assets, liabilities and transactions are denominated in Sterling.

Further disclosures regarding financial risk management objectives and policies and the Company's exposure to principal risks can be found in note 14.

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Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 1 and 14, 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 credit risk and liquidity risk.

The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company is also well placed to manage its business risks successfully despite the current uncertain economic outlook. 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.

Structured Finance Management Limited (SFM) has made qualifying third party indemnity provisions for the benefit of SFM Directors Limited and SFM Directors (No 2) Limited. These indemnity provisions remain in force at the date of this report.

Payment Policy

Given the nature of the Company's business, the Company does not have any suppliers and therefore does not operate a payment policy. The Company has no creditors and is unable to quantify the practice on payment of creditors.

Auditor

Each of the Directors as at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Company's forthcoming Annual General Meeting.

By Order of the Board



Claudia Wallace
Per pro SFM Directors Limited,
As Director
28 February 2011

Registered Office Address: 35 Great St Helen's, London, EC3A 6AP

LANGTON SECURITIES (2008-2) PLC - 06501924

Independent Auditor's Report to the members of Langton Securities (2008-2) plc

We have audited the financial statements of Langton Securities (2008-2) plc (the "Company") for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 16. 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 Directors' Responsibilities Statement, 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.

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 2010 and of its profit 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.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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.



Caroline Britton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

Date 28th February 2011

LANGTON SECURITIES (2008-2) PLC - 06501924

Statement of Comprehensive Income For the year ended 31 December 2010

	Notes	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest receivable	3	234	640
Interest payable	4	(41)	(429)
Net interest income		<u>193</u>	<u>211</u>
Administrative expenses	5	(191)	(206)
PROFIT BEFORE TAX		<u>2</u>	<u>5</u>
Tax	8	-	(1)
PROFIT FOR THE YEAR/PERIOD		<u>2</u>	<u>4</u>
Other comprehensive income for the year		-	-
NET COMPREHENSIVE INCOME FOR THE YEAR/PERIOD ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	12	<u><u>2</u></u>	<u><u>4</u></u>

The accompanying notes 1 to 16 form an integral part of the accounts

All results derive from continuing operations

Statement of Changes in Equity For the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Equity at 1 January		25	21
Profit for year	12	2	4
Equity at 31 December		<u><u>27</u></u>	<u><u>25</u></u>

The accompanying notes 1 to 16 form an integral part of the accounts

LANGTON SECURITIES (2008-2) PLC - 06501924

Balance Sheet As at 31 December 2010

	Notes	31 December 2010 £'000	31 December 2009 £'000
CURRENT ASSETS			
Cash and cash equivalents	9	21,031	21,023
CURRENT LIABILITIES			
Current taxation liabilities	8	-	(1)
NET CURRENT ASSETS		<u>21,031</u>	<u>21,022</u>
NON CURRENT LIABILITIES			
Financial liabilities	10	(21,004)	(20,997)
NET ASSETS		<u><u>27</u></u>	<u><u>25</u></u>
EQUITY			
Share capital	11	13	13
Retained earnings	12	14	12
TOTAL ORDINARY SHAREHOLDERS' EQUITY		<u><u>27</u></u>	<u><u>25</u></u>

The accompanying notes 1 to 16 form an integral part of the accounts

These financial statements were approved by the Board of Directors and authorised for issue on 28 February 2011, and signed on their behalf by



Claudia Wallace
Per pro SFM Directors Limited,
As Director

LANGTON SECURITIES (2008-2) PLC - 06501924

Cash Flow Statement For the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Operating activities			
Profit before tax		2	5
Cash generated from operations		<u>2</u>	<u>5</u>
Tax paid		(1)	(2)
Cash flows from operating profits before changes in operating assets and liabilities		1	3
Changes in operating assets and liabilities			
Net increase/(decrease) in financial liabilities		7	(41)
Net cash from operating activities		<u>8</u>	<u>(38)</u>
Net (decrease)/increase in cash and cash equivalents		<u>8</u>	<u>(38)</u>
Cash and cash equivalents at start of year		21,023	21,061
Cash and cash equivalents at end of year	9	<u><u>21,031</u></u>	<u><u>21,023</u></u>

The accompanying notes 1 to 16 form an integral part of the accounts

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010

1 Principal accounting policies

The financial statements of Langton Securities (2008-2) plc (the "Company") 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.

These policies have been consistently applied during the period.

The accounts have been prepared on a going concern basis as noted in the Directors' Report.

a Accounting convention

The Company prepares its accounts under the historical cost convention and on the going concern basis as disclosed in the Statement of Going Concern set out in the Directors' Report.

b Presentation of Statement of Comprehensive Income

The nature of the business is obtaining funding and subsequently making advances to fellow group companies, as a result the directors are of the opinion that it is more appropriate to use 'Interest receivable' rather than 'Revenue' in presenting the Statement of Comprehensive Income.

c Income recognition

Interest income and expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

d Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from the 'Profit before tax' as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taxable profit also includes items that are taxable or deductible that is not included in 'Profit before tax'. The Company's liability for current tax and deferred tax is calculated using tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

e Intercompany transaction

The intercompany transaction between Santander UK plc, Langton Funding (No 1) Limited and the Company is part of a wider transaction for which the accounting is considered in its entirety. As no cash or other consideration transferred to Langton Funding (No 1) Limited from the Company in relation to the intercompany loan transaction or the issue of the loan notes, no accounting entries are recorded for these transactions. The related cross currency swaps are not recognised.

A balance with a fellow group undertaking is recognised for the net funding of cash balances less the effect of subordinated loans to/(from) fellow group undertakings, along with a net income or expense for associated Statement of Comprehensive Income items.

f. Financial assets

The Company classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category comprises 'Financial assets - loan and receivables' and 'Cash and cash equivalents'.

The Company does not apply hedge accounting.

g Financial liabilities

Financial liabilities are held at amortised cost. Finance costs are charged to the Statement of Comprehensive Income using the effective interest rate method.

h Cash and cash equivalents

For the purposes of the Balance Sheet and 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.

i Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

J Changes to Accounting Standards

Recent developments

In 2010, the Company adopted the following new or revised IFRS

a)

IFRS 3 'Business Combinations' – In January 2008, the IASB issued an amendment to IFRS 3 which clarifies and changes certain elements of accounting for a business combination, including the measurement and accounting for non-controlling interests, contingent consideration, step acquisitions and acquisition-related costs and also widens the scope of the standard. There are also associated amendments to IAS 27, IAS 28 and IAS 31.

IFRS 3 (2008) has been applied in the current year prospectively to business combinations for which the acquisition date is on or after 1 January 2010. Its adoption has affected the accounting for business combinations in the current year as follows:

IFRS 3 (2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

IFRS 3 (2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Any adjustments to contingent considerations for acquisitions made prior to [1 January 2010] which result in an adjustment to goodwill continue to be accounted for under IFRS 3 (2004) and IAS 27 (2005).

IFRS 3 (2008) requires the application of acquisition accounting only at the point where control is achieved, for a business combination achieved in stages (step acquisition). If an acquirer has a pre-existing equity interest in an acquiree and increases its equity interest sufficiently to achieve control, it must remeasure its previously-held equity interest in the acquiree at acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Once control is achieved, all other increases and decreases in ownership interests are treated as transactions among equity holders and reported within equity. Goodwill does not arise on any increase, and no gain or loss is recognised on any decrease.

IFRS 3 (2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

IFRS 3 (2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Company and the acquiree.

The adoption of IFRS 3 (2008) did not affect the Company.

b)

IAS 27 'Consolidated and Separate Financial Statements' – In January 2008, the IASB issued an amendment to IAS 27, to reflect the amendment in IFRS 3. The changes in the accounting policy have been applied prospectively from 1 January 2010. The application of IAS 27 (2008) has resulted in changes in the Company's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Company's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior

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Notes to the Financial Statements For the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate, for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under IAS 27 (2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Company to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

The adoption of IAS 27 (2008) did not affect the Company.

IAS 28 'Investment in Associates' and IAS 31 'Interest in Joint Ventures' – In January 2008, the IASB made consequential amendments to IAS 28 and IAS 31 to extend the changes in IAS 27.

The principle adopted in IAS 27 (2008) that a change in accounting basis is recognised as a disposal and re-acquisition of any retained interest at fair value is extended to IAS 28 and IAS 31 as follows:

IAS 28 is amended such that for a change in equity interest in an associate, the investor remeasures at acquisition date fair value any investment retained in the former associate, with any consequential gain or loss compared to its carrying amount under IAS 28 recognised in profit or loss.

IAS 31 is amended such that for a change in joint control interest in an entity, the investor remeasures at fair value any investment retained in the former jointly controlled entity, with any consequential gain or loss compared to its carrying amount under IAS 31 recognised in profit or loss.

Any amount that has previously been recognised in other comprehensive income, and that would be reclassified to profit or loss following a disposal, is similarly reclassified to profit or loss.

The adoption of IAS 28 (2008) did not affect the Company.

Future developments

The Company has not yet adopted the following new or revised IFRS or IFRIC interpretations, which have been issued but which are not yet effective for the Company:

a)

IFRS 9 'Financial Instruments' – In November 2009, the IASB issued IFRS 9 and in October 2010, issued an amendment to IFRS 9 which introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the

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Notes to the Financial Statements For the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Company anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning on or after 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

b)

IFRS 7 'Financial Instruments: Disclosures' – In October 2010, the IASB issued amendments to IFRS 7 that increase the disclosure requirements for transactions involving transfers of financial assets. The amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The amendments to IFRS 7 are effective for annual periods beginning on or after 1 July 2011, with earlier application permitted.

The Company does not anticipate that these amendments to IFRS 7 will have a significant effect on the Company's disclosures regarding transfers of financial assets. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

c)

IAS 24 'Related Party Transactions' – In November 2009, the IASB issued amendments to IAS 24, effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24(2009) do not affect the Company because the Company is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

k. Related party transactions

Santander UK plc, the Company's UK controlling undertaking is incorporated in Great Britain and registered in England and Wales. The administration, operations, accounting and financial reporting functions of the Company are performed by Santander UK plc.

Related party transactions with group undertakings are detailed in their respective notes.

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

2 Segmental reporting

The Company operates in one business sector and all of the Company's activities are in the UK

3 Interest receivable

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest on amounts due from Santander UK plc	109	359
Interest on cash deposits with Santander UK plc	125	281
	<u>234</u>	<u>640</u>

4 Interest payable

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest on subordinated loan from Santander UK plc	<u>41</u>	<u>429</u>

5 Administrative expenses

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Professional fees	-	1
Administration fees and bank charges payable to Santander UK plc	191	205
	<u>191</u>	<u>206</u>

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

6 Profit before tax

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit before tax is stated after charging		
Fees payable to the Company's auditors for the audit of the Company's accounts (including irrecoverable VAT)	-	11

The audit fee for the current year has been paid on the Company's behalf by its UK controlling undertaking, Santander UK plc, in accordance with company policy, for which a recharge has not been made. The audit fee for the current year (including irrecoverable VAT) is £5,000 (2009 £5,000)

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the Santander UK plc consolidated financial statements are required to disclose such fees on a consolidated basis

7 Directors' emoluments

Directors' emoluments for Mr I J Hares were borne by the UK controlling undertaking, Santander UK plc (2009 position unchanged)

Apart from Mr Hares, no other Directors received any remuneration for their qualifying services to the Company (2009 Nil)

An amount of £8,887 (2009 £5,142) was paid by the Company to Structured Finance Management Limited for the provision of directors and such are borne by Langton Funding (No 1) Limited

The Company has no employees (2009 Nil)

8 Corporation tax

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Current tax		
Tax expense for the year being current tax expense	-	1

UK corporation tax is calculated at 28% (2009 28%) of the estimated assessable profits for the year

The Finance Act (No 2) 2010, which provides for a reduction in the main rate of UK corporation tax from 28% to 27% effective from 1 April 2011, was enacted on 27 July 2010. The effect of the rate reduction was not material. The UK Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by 1 April 2014

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

8 Corporation tax (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit before tax	2	5
Tax at the current UK corporation tax rate of 28% (2009 28%)	-	1
Tax effect of impact of lower rate of tax (marginal relief)	-	-
Tax expense for the year	-	1

9 Cash and cash equivalents

	31 December 2010 £'000	31 December 2009 £'000
Deposits with Santander UK plc	21,018	21,010
Deposits with SFM Corporate Services Limited	13	13
	21,031	21,023

The cash deposits held by SFM Corporate Services Limited are in the name of and benefit for the Company, and are accessible by the Company on demand

10 Financial Liabilities

	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due after five years		
Amount due to Santander UK plc	21,004	14,746
Subordinated loan from Santander UK plc	-	6,251
	21,004	20,997

The subordinated loan from Santander UK plc was repaid in September 2010 and bore interest at Libor plus a margin of 90bps

The amount due to Santander UK plc represents the net funding of cash balances less the effect of subordinated loans to/(from) fellow group undertakings, along with a net income or expense for associated Statement of Comprehensive Income items

11 Share capital

	31 December 2010 £	31 December 2009 £
Issued and partly paid		
50,000 ordinary shares of £1 each 25p per share called up and paid	12,500	12,500

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

12 Retained earnings

	31 December 2010 £'000	31 December 2009 £'000
As at 1 January	12	8
Profit for the year	2	4
As at 31 December	<u>14</u>	<u>12</u>

13 Related party transactions

During the year, fees of £9k (2009 £6k) were charged by Structured Finance Management Limited in respect of corporate services provided to the Company, which included fees for the provision of directors

Langton Funding (No 1) Limited and the Company are related parties by virtue of their common ownership

During the year, the company entered into the following transactions with related parties

	Interest Expense		Amounts due to related parties		Interest Income		Amounts due from related parties		Cash and cash equivalents	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Santander UK plc Group	41	429	21,004	20,997	234	640	-	-	21,018	21,010
Structured Finance Management	-	-	-	-	-	-	-	-	13	13

There have been no transactions with key management personnel during the year, other than those disclosed elsewhere in these accounts in respect of transactions with Structured Finance Management Limited

14 Risk management policy and control framework

The principal objects of the Company are set out in its memorandum of association and include

- lending money and giving credit, with or without security,
- borrowing or raising money and obtaining credit or finance, and securing payment or repayment of money, credit or finance by any security over the issuer's property

The principal risks arising from the Company's financial instruments (both assets and liabilities) are operational risk and liquidity risk. The principal nature of such risks are summarised below

- Operational risk is defined as 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events'. Operational services are provided by Santander UK plc. The Company places reliance upon the specific policies and procedures Santander UK plc has in place at group level to counteract this risk
- Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can only secure them at excessive cost. The Company's obligations only arise as a result of payments being received by it under intercompany loans. The Company cannot therefore be required to make any payments if insufficient cash is available and as such it does not face any liquidity risk

LANGTON SECURITIES (2008-2) PLC - 06501924

Notes to the Financial Statements For the year ended 31 December 2010 (continued)

14 Risk management policy and control framework (continued)

- Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due. For the reasons outlined above the exposure to loss as a result of credit risk is not considered material.

Carrying amounts and fair values

The carrying values of all assets and liabilities are considered to be a good approximation of fair value.

15 Capital management and financial resources

Capital held by the Company and managed centrally as part of the Santander UK group, comprises share capital and reserves.

Capital is managed by way of processes set up at inception of the Company and subsequently there is no active process for managing its own capital. The Company is designed to hold minimum reserves once all amounts due have been received and amounts owing have been paid. The Company's capital is not externally regulated.

16 Parent undertaking and controlling party

The Company's parent company is Langton Securities Holdings Limited. The entire share capital of Langton Securities Holdings Limited is held by SFM Corporate Services Limited on a discretionary trust basis for the benefit of certain charities.

SFM Corporate Services Limited is a wholly owned subsidiary of Structured Finance Management Limited. Copies of the financial statements of SFM Corporate Services Limited may be obtained from 35 Great St Helen's, London, EC3A 6AP.

In accordance with SIC 12 "Consolidation – Special Purpose Entities", the Company is controlled by Santander UK plc and is therefore consolidated in the Santander UK Group accounts. Santander UK plc is incorporated in Great Britain and is 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. Santander UK plc is the parent undertaking of the smallest group of undertakings for which 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.